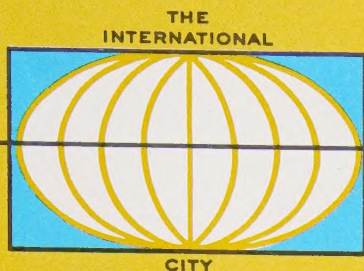


Official Statement



LONG BEACH REDEVELOPMENT AGENCY
Los Angeles County, California

\$6,830,000

**PARKING LEASE REVENUE BONDS
SERIES A**

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LONG BEACH REDEVELOPMENT AGENCY

CITY HALL, LONG BEACH, CALIFORNIA 90802
(AREA CODE 213) 590-6841

April 10, 1979

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on and buyers of \$6,830,000 Parking Lease Revenue Bonds, Series A, of the Long Beach Redevelopment Agency (the "Bonds"), authorized and issued for the purpose of assisting in the financing of acquisition of sites for public parking facilities within the Long Beach Downtown Redevelopment Project, paying of expenses in connection with issuance, and providing a reserve fund as additional security for said Bonds.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultant to the Long Beach Redevelopment Agency with regard to the Series A Parking Lease Revenue Bonds. (Such firm will receive compensation from the Agency contingent upon the sale and delivery of the Bonds.) Summaries herein presented of the Resolution of Issuance, the Lease Agreement, the Community Redevelopment Law, the Redevelopment Plan for said Project, other documents or agreements pertaining to the Project, and financial and economic data do not purport to be complete, and reference is made to the documents on file in the office of the Agency for further information. Statements which involve estimates or opinions, whether or not expressly so described herein, are intended solely as such and are not to be construed as factual reports.

The Official Statement does not constitute a contract with buyers or holders, from time to time, of the Bonds. The Resolution of Issuance, which does constitute such a contract, accompanies the Official Statement as originally distributed and is available to any prospective bidder on request from the Agency.

A legal opinion approving the validity of the Bonds will be furnished by O'Melveny & Myers, Los Angeles, California, Bond Counsel to the Agency. (Said Counsel will receive compensation from the Agency partially contingent upon the sale and delivery of the Bonds.) The scope of Bond Counsel's employment in connection with the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions set forth herein under the section entitled "The Bonds".

The members of the governing board of the Agency have reviewed this Official Statement and have determined that as of the date hereof the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects (other than financial data pertaining to the City of Long Beach, for which the Agency has made no independent examination or verification) and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. The Agency will deliver to the purchaser of the Series A Bonds a certificate as to the above, dated the date of bond delivery, and further certifying that the signatories know of no material adverse change in the condition of the Agency which would make it unreasonable for the purchaser of the Series A Bonds to rely upon the Official Statement in connection with the resale of the Bonds, and authorizing the purchaser of the Series A Bonds to distribute copies of the Official Statement in connection with the resale of the Series A Bonds. 300 copies of the Official Statement will be supplied to the purchaser of the Series A Bonds for this purpose.

No dealer, broker, salesman or other person has been authorized by the Agency to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The execution and distribution of this Official Statement have been duly authorized by the Agency.

LONG BEACH REDEVELOPMENT AGENCY

ROBERT CALHOUN, D.D.S.

Chairman

JAMES C. HANKLA

Executive Director

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INTRODUCTION

This Introduction does not purport to present the complete provisions of the bonds now being offered, their terms of sale, documents authorizing their issuance and other relevant data. Reference is hereby made to the Official Statement, Notice Inviting Bids, the Lease Agreement, and Resolution No. R.A. 25-79 of the Long Beach Redevelopment Agency for a complete recitation of such provisions and information. This Introduction is part of the Official Statement and should be read in conjunction therewith.

The Constitution and laws of the State of California recognize the vital need for the elimination and rehabilitation of deteriorating urban areas in the state through conservation and redevelopment efforts, and provide an effective means of accomplishing these objectives. Under the provisions of the Community Redevelopment Law (California Health & Safety Code, Section 33000 et seq.), communities containing areas subject to economic and social deterioration may remedy these conditions by activating a redevelopment agency, which has the power to designate specific areas for redevelopment, prepare plans for redevelopment of the designated areas, and carry out the approved plans.

Financing of redevelopment projects in California may be provided through the incurrence of various forms of indebtedness by an agency. These types of obligations may be payable from property taxes collected from within a project upon the increase in assessed valuation which has resulted from redevelopment and/or from other authorized sources of funds, as more fully described in this official statement. The local community may also advance funds to the redevelopment agency to help meet project costs, in which event, the advances may be repaid from such increased taxes.

In October of 1961 the Long Beach City Council determined that there was a need for redevelopment of portions of the City of Long Beach (the "City"), and by ordinance activated the Long Beach Redevelopment Agency (the "Agency"), which is a

public entity separate and apart from the City. A separate governing board conducts the affairs of the Agency.

The Long Beach Downtown Redevelopment Project, for which the Redevelopment Plan was adopted on June 17, 1975, consists of about 421 acres in the City's central business district and shorefront area.

The \$6,830,000 principal amount of Parking Lease Revenue Bonds, Series A, currently offered for sale on behalf of the Long Beach Downtown Redevelopment Project (the "Project") will be used, together with net proceeds from the concurrent sale on May 8, 1979 of \$4,860,000 of Tax Allocation Bonds of the Agency (which are the subject of a separate official statement), and other funds, for acquisition of property for public parking facilities within the Project, acquisition and relocation expenses, demolition costs, construction of public improvements, funding of the first 36 months' interest on the Series A Bonds, establishment of a Bond reserve, and related administrative and financing expenses, as more fully discussed in this official statement.

The major development presently scheduled for the Project area is the Long Beach Plaza regional shopping center (the "Plaza") which is being developed by Ernest W. Hahn, Inc., of El Segundo, California (the "Developer") on a 14.186-acre site within the Project. A companion parking garage will be constructed on the adjoining 8.103 acres. Under the terms of the Disposition and Development Agreement between Developer and the Agency dated August 4, 1977 (the "DDA"), and the proposed First Implementation Agreement thereto, the Agency will convey to the Developer the site for the center, while the Developer agrees to build a regional shopping center of no less than 600,000 nor more than 640,000 leasable square feet. The Agency agrees to construct not less than 3,000 parking spaces. The shopping center will be a fully enclosed two-level mall planned for three department stores (Buffums', Ward's and J. C. Penney) and approximately 120 specialty stores.

As of the date of this official statement, the Developer is negotiating final terms of a Construction, Operation and Reciprocal Easement Agreement (the "R.E.A.") with Penney's and Ward's, and expects that such document will be approved, signed and in escrow by June, 1979 (Buffums' occupancy of the Plaza will be under a lease with the Developer, which is currently being concluded). Final draft copies of the R.E.A. have been circulated and

approved as to its business terms by the department stores, the Developer, the City of Long Beach and the Agency. The three department stores have approved the concept of the Long Beach Plaza, and have signified their intention to locate in the center, subject to approval of the R.E.A. (or lease in the case of Buffums') and the satisfaction of other conditions precedent. The R.E.A. will be recorded with the Los Angeles Recorder when the site for the center is conveyed to the Developer (scheduled for the first half of 1980).

Ernest W. Hahn, Inc. presently maintains an equity interest in 19 regional shopping centers which it also manages, including seven within redevelopment projects in California. This firm also has 10 centers under construction and an additional 25 are planned. The Hahn organization is one of the largest shopping center developers in the nation and has been in this business since 1967.

Additional developments within the Project are planned for commencement of construction in 1979, or are in progress. These include a 66,000 square-foot corporate headquarters building for Buffums' as part of the Long Beach Plaza, a 107,000 square-foot office tower which will serve as regional headquarters for Home Savings and Loan Association, and a 230-room Holiday Inn Hotel. All of these developments are scheduled for completion prior to the end of the 1981 calendar year.

The Series A Bonds are secured by a pledge of the rental revenues due the Agency from the City under a lease of the parking project (the "Leased Premises"). It is anticipated that Series B Parking Lease Revenue Bonds, in the estimated principal amount of approximately \$3,870,000 will be issued within the next 18 months to assist in financing the completion of the parking facilities described herein.

The parking sites (the "Site") to be acquired and cleared with the proceeds of the Series A Bonds together with the parking garage to be constructed thereon (the "Facility") will be leased to the City under terms of a lease agreement dated as of May 1, 1979 (the "Lease Agreement"). The lease will terminate on November 1, 2006 or the date that all Parking Lease Revenue Bonds have been fully paid or provided for, whichever is earlier. The lease may be terminated earlier in the event of condemnation or destruction of the public parking project, or default by the City under terms of the lease. The lease provides that the City will pay the Agency annual base rentals in equal semi-annual installments on October 15 and April 15 of each year. Rentals will

commence on the later of April 15, 1982, or the date the Agency gives the City written notice that the property is available for use for parking purposes. The expected completion date of acquisition of the parking sites is December 1, 1979. The April 15, 1982 date for commencement of base rental payments has been established in order to allow sufficient time for the private development to be completed and be reflected on the tax rolls, and to provide ample time for completion of acquisition and construction of the proposed parking facilities.

Ordinance No. C-5483 of the City provides for a maximum annual rental payment of \$1,200,000 (after issuance of the Series B Bonds for construction of the parking garage). The actual amount of base rental will be determined after the sale of both the Series A Bonds and the Series B Bonds and will be in an amount sufficient to cover annual debt service on both series of Parking Lease Revenue Bonds over the entire term of the respective issues. If for any reason the Series B Bonds are not issued and the parking garage is not constructed, the site will be leased to the City for surface parking use at an adjusted annual base rental sufficient to pay interest and principal on the Series A Bonds as they become due. Maximum annual debt service on both series of Parking Lease Revenue Bonds is estimated at \$950,000, consisting of \$605,962 for the Series A Bonds now being offered and \$344,038 for the proposed Series B Bonds. The annual base rental payment would not exceed maximum annual debt service.

The City is required to provide for the operation and maintenance of the parking facilities to be constructed on the sites and to pay to the Agency as additional rent the amount necessary to pay taxes and assessments, if any, premiums for insurance required by the lease or the bond resolution and any other expenses of the Agency in connection with the parking project which are not met from other sources of funds.

Upon completion, the parking facilities will be subleased by the City to the Developer, under a "Parking Sublease", who agrees to operate and maintain the parking garage for a term of 50 years. Pursuant to the Disposition and Development Agreement, the Developer has agreed to pay the City \$340,000 per year for rental of the garage, subject to permitted adjustment to reflect property taxes on the Developer's leasehold interest in the garage. The First Implementation Agreement between the Developer and the Agency provides for the payment of

additional rental by the Developer in the amount of \$405,000 per year. The City expects to use these payments by the Developer, together with approximately \$200,000 annually from parking meter revenues, to meet its lease obligation to the Agency.

To insure prompt payment of the Parking Lease Revenue Bonds, certain safeguards are embodied in the resolution providing for their issuance, including the following provisions.

1. An amount equal to the first 36 months' interest on the bonds will be deposited in the Bond Service Fund from the bond proceeds. Interest is funded through the property acquisition phase (estimated to be completed by December 1, 1979), and the construction phase (to be funded from Series B Bond proceeds). Completion of the entire parking acquisition and construction project is scheduled for August 1, 1981, pursuant to the Disposition and Development Agreement and the First Implementation Agreement thereto, or nine months prior to the date that capitalized interest will be exhausted.

2. A Reserve Fund will be initially established in an amount equal to one-half of maximum annual

debt service and must be maintained in at least this amount for the life of the bonds.

3. Various types of insurance will be provided including fire and extended coverage insurance, earthquake insurance and business (rental) interruption insurance for the foregoing perils equal to twelve months' rental.

4. Policies of title insurance will be obtained in the aggregate amount of \$6,830,000 as the parcels comprising the parking garage site are acquired, insuring the Agency's fee simple title in such property. It is not expected that the amount of such title insurance will equal the principal amount of the Series A Bonds until all such property is acquired (scheduled for December 1, 1979). All such policies will contain endorsements in favor of the fiscal agent.

5. The payment of rental by the City to the Agency is a General Fund obligation of the City of Long Beach, for which the City covenants and agrees to budget and appropriate sufficient funds each year. Such rental payments by the City are not subject to or conditioned upon the receipt of revenues from any specified source.

THE BONDS

The statements herein concerning the Bonds, the Lease Agreement and the Resolution are summaries of certain provisions thereof. They make use of definitions, do not purport to be complete, and are qualified in their entirety by reference to said Lease Agreement and Resolution, copies of which accompany this official statement as originally distributed.

Authority for Issuance

The \$6,830,000 Parking Lease Revenue Bonds, Series A, of the Long Beach Redevelopment Agency (the "Bonds" or the "Series A Bonds") will be issued under provisions of the Community Redevelopment Law, Part 1 of Division 24 of the California Health and Safety Code, commencing with Section 33000 (the "Law") and pursuant to the terms of a Resolution of the Agency adopted April 10, 1979 (the "Resolution").

It is anticipated that Parking Lease Revenue Bonds, Series B (the "Series B Bonds"), in the estimated principal amount of about \$3,870,000, will be issued within the next 18 months to finance the completion of the parking facilities described herein.

Sale of Bonds

Bids for the purchase of the Bonds will be received on behalf of the Long Beach Redevelopment Agency until 10:00 A.M., Tuesday, May 8, 1979. Details as to the terms and place of sale, closing documents and other information are included with the Notice Inviting Bids adopted April 10, 1979, a copy of which is included with this official statement as originally distributed.

Description of the Bonds

The \$6,830,000 of Bonds will be issued in denominations of \$5,000 each and will be numbered A1 through A1366. The Bonds will be dated May 1, 1979, and will mature serially on November 1 of each of the years and in the amounts shown opposite.

SCHEDULE OF MATURITIES

Years	Principal Maturing November 1	Years	Principal Maturing November 1
1982	\$100,000	1995	\$260,000
1983	110,000	1996	280,000
1984	115,000	1997	300,000
1985	125,000	1998	320,000
1986	135,000	1999	345,000
1987	145,000	2000	370,000
1988	155,000	2001	395,000
1989	170,000	2002	425,000
1990	185,000	2003	455,000
1991	195,000	2004	485,000
1992	210,000	2005	520,000
1993	225,000	2006	565,000
1994	240,000		

Interest will be payable semiannually on May 1 and November 1 of each year, except that interest for the first year will be payable on May 1, 1980.

Both interest and principal will be payable at the office of the Fiscal Agent, the Bank of America N.T. & S.A. (Corporate Agency Division), in Los Angeles, California, and, in the case of coupon bonds, at paying agents of the Agency in Chicago, Illinois and New York, New York.

Registration

The Bonds will be issued as coupon bonds which may be registered as to principal only or as to both principal and interest. The form of registration may be changed and any registered bond may be discharged from registration under the terms set forth in the Resolution.

Redemption

Except in the event of condemnation of the Site or the Leased Premises or substantial damage which renders the Leased Premises or any portion thereof unusable, Bonds maturing on or before November 1, 1988, a total principal amount of \$885,000, are not subject to call for redemption prior to maturity. Bonds maturing on and after November 1, 1989, a total principal amount of \$5,945,000, may be called for redemption, at the option of the Agency, in inverse order of maturity, and by lot within a single maturity on any interest payment date commencing November 1, 1988.

The Bonds are redeemable at par value plus accrued interest plus a premium equal to one-quarter

of one percent of par value for each year or fraction of a year from the redemption date to the maturity date. The maximum premium payable if the Bonds were redeemed on November 1, 1988 would be 4½ percent.

In the event that all or a portion of the Site or Leased Premises are condemned or damaged, the Agency may use the proceeds of the award in condemnation or insurance proceeds to provide substitute facilities to be rented to the City or to call and redeem Bonds without premium. If only a portion of the property should be condemned or damaged and less than all the outstanding Bonds are to be redeemed, the Fiscal Agent will select a principal amount in each maturity to be redeemed so as to provide for as nearly equal annual bond service as possible on the remainder of the Bonds. The Bonds to be redeemed within each maturity will be selected by lot.

Notice of redemption is to be given as provided in the Resolution.

Legal Opinion—Tax Exempt Status

The opinion of O'Melveny & Myers of Los Angeles, California, Bond Counsel for the Agency, approving the validity of the Bonds and stating that interest on the Bonds is exempt from income taxes of the United States of America under present federal income tax laws, and that such interest is also exempt from personal income taxes of the State of California under present state income tax laws will be furnished without cost to the original purchaser of the Bonds. A copy of the legal opinion will be printed on each bond without charge to the purchaser. See the Letter of Transmittal to this official statement (preceding page 1) regarding the scope of Bond Counsel's employment concerning this official statement.

Eligibility for National Banks

A request has been made to the Controller of the Currency for a ruling that the Bonds are eligible for purchase, dealing in, underwriting and unlimited holding by national banks. A response to the request is expected prior to the date of sale of the Bonds.

Legality for Investment in California

The California Community Redevelopment Law provides that debt instruments authorized and issued in the same manner and for the same purposes as the Bonds described herein shall be legal invest-

ments for all banks, including trust companies, and various other financial institutions, as well as for trust funds and other public bodies. The Community Redevelopment Law also provides that such debt instruments are authorized security for public deposits.

The Superintendent of Banks of the State of California has previously ruled that debt instruments of a redevelopment agency are, by said statute, legal investments in California for savings banks. As such, the Bonds would also be legal investments for all trust funds, and for the funds of all insurance companies, commercial banks, trust companies, and any public or private funds which may be invested in county, municipal, or school district bonds. The Bonds may be deposited as security for the performance of any act whenever the bonds of any county or municipality may be so deposited, and may also be used as security for the deposit of public moneys in banks in the state. The Agency has not requested a separate ruling from said Superintendent of Banks as to these Bonds.

Purpose of Issue

The Bonds are being issued to finance the acquisition of property for public off-street parking within the Long Beach Downtown Redevelopment Project (the "Site"); to pay relocation, demolition and other related costs; to provide certain reserves and funds for the payment of Bond interest; and to meet costs of Bond issuance. An estimate of the application of total Bond proceeds is presented in the following tabulation. In addition to Bond proceeds, other sources of funds are expected to be made available to assist in financing the acquisition, relocation and demolition costs (see Table 4 hereof entitled "Sources of Capital Funds", page 24).

DISPOSITION OF BOND PROCEEDS

Applied to project expenditures	\$4,919,575 ^①
Reserve Fund	303,000
Capitalized interest	1,485,525
Maintenance and Operation Fund	2,500
Provision for discount	204,900
Costs of issuance	204,500
Less: Interest earnings	(290,000)
Total Bond Issue	<u>\$6,830,000</u>

^①See page 24 for a breakdown of total project costs.

Security

Bond interest and principal are secured by an irrevocable and first pledge of the Pledged Revenues (as defined in the Resolution), which includes the base rental payable by the City of Long Beach to the Agency for the use of the Leased Premises under terms of the Lease Agreement, as hereinafter described. If less than all of the Leased Premises are initially made available for use, the base rental shall be adjusted in proportion to the fair rental value of the portion then available. On the basis of studies and analyses performed by Keyser Marston Associates, Inc., Los Angeles and San Francisco, Land Use Economists, and presented to the Agency in a report dated March 22, 1979, the fair rental value of the Site to be acquired with proceeds of the Bonds has been determined to be at least equal to annual debt service on the Series A Bonds.

The Bonds are additionally secured by all moneys set aside and held by the Fiscal Agent in the Reserve Fund, as discussed in a following paragraph and in the Resolution.

The Bonds are lease revenue bonds of the Long Beach Redevelopment Agency and are not a debt, liability or obligation of the City of Long Beach, the State of California, or any political subdivision thereof. The aforementioned Pledged Revenues constitute the only source of funds of the Agency for payment of the Bonds and the interest thereon (exclusive of any moneys on deposit in the Reserve Fund). Base rental to be paid by the City to the Agency represents the primary source of Pledged Revenues, and such rentals are a General Fund obligation of the City payable only from funds of the City legally available therefor. Although the City intends to derive these funds from parking meter revenues and from payments made to it by the Developer under the Parking Sublease, the DDA and First Implementation Agreement, the obligation of the City under the Lease Agreement, which obligation is independent of the Parking Sublease, the DDA and First Implementation Agreement, is to continue until all Bonds (both Series A and the contemplated Series B issue) are fully retired or provided for.

1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation

On June 6, 1978, California voters approved Proposition 13 (the Jarvis-Gann Constitutional Ini-

tiative) which added Article XIII A to the California Constitution and restricts the taxing powers of California public agencies. The text of Proposition 13, now Article XIII A of the California Constitution, as amended, is as follows:

“Section 1.

(a) The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent (1%) tax is to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective.

Section 2.

(a) The full cash value means the county assessor's valuation of real property as shown on the 1975-76 tax bill under “full cash value” or, thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment. All real property not already assessed up to the 1975-76 full cash value may be reassessed to reflect that valuation. For purposes of this section, the term “newly constructed” shall not include real property which is reconstructed after a disaster, as declared by the Governor, where the fair market value of such real property, as reconstructed, is comparable to its fair market value prior to the disaster.

(b) The full cash value base may reflect from year to year the inflationary rate not to exceed 2 percent for any given year or reduction as shown in the consumer price index or comparable data for the area under jurisdiction, or may be reduced to reflect substantial damage, destruction or other factors causing a decline in value.

Section 3.

From and after the effective date of this article, any changes in State taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in methods of computation must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property or sales or transaction taxes on the sales of real property may be imposed.

Section 4.

Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.

Section 5.

This article shall take effect for the tax year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this article.

Section 6.

If any section, part, clause or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect."

Supreme Court Validation. On September 22, 1978, the California Supreme Court upheld the validity of Article XIII A against a number of challenges which attacked Proposition 13 as a whole (*Amador Valley Joint Union High School District v. State Board of Equalization*). The Court found that it was premature to rule on the claim that Article XIII A impermissibly interfered with contracts in violation of the U.S. Constitution, stating that such a challenge must come when a specific contract or obligation is impaired. In addition, the Court left open for future decision many other questions regarding the detailed interpretation and implementation of Article XIII A.

Implementing Legislation. Section 1 of Article XIII A limits the maximum ad valorem tax on real property to one percent (1%) of full cash value (as defined in Section 2 of Article XIII A), to be collected by the counties and apportioned according to law. Excluded from this limit is an amount of taxes or special assessments to pay interest and redemption charges on any indebtedness approved by the voters prior to July 1, 1978 (the effective date of Article XIII A).

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A of \$4.00 per \$100

assessed valuation (based on the prior practice of using 25 percent of full cash value as the assessed value for tax purposes).

The interpretation of what constitutes "indebtedness approved by the voters prior to" July 1, 1978 under Section 1 of Article XIII A does not include the Bonds or the obligation of the City to make rental payments to the Agency for use and occupancy of the Leased Premises. Consequently, the City will not be permitted to levy an additional property tax to meet its annual rental obligation to the Agency, nor does the Agency have any taxing power whatsoever.

Chapter 292 further provides that for fiscal year 1978/1979 only, the property tax levied by each county (\$4.00 per \$100 assessed valuation) is to be apportioned among all taxing agencies within the county in proportion to their average share of property taxes levied in certain previous years. The City estimates that it will receive \$13,079,343 as its share of this apportionment in 1978/1979, including State payment for property taxes lost through reimbursable exemptions.

The apportionment of property taxes in fiscal years subsequent to 1978/79 will depend on further action of the Legislature. Section 4 of Article XIII A effectively prohibits the levying of any other ad valorem property tax above the limits set forth in Section 1, even with the approval of the affected voters.

Chapter 292 also contains provisions appropriating a large part of the State's accumulated surplus revenues to be distributed among the State's local government units to replace lost property tax revenues in the 1978/79 fiscal year. The City estimates that it will receive \$8,809,952 as its share of this allocation. There is no assurance that such a State surplus will exist or be generated in fiscal years subsequent to 1978/79, nor that any such funds will be allocated to local governments.

The exact effect of this Constitutional amendment on the City cannot be determined at this time because of continuing litigation concerning its constitutionality and interpretation, and to a certain extent future action of the State Legislature. The City does not plan to meet its rental obligation to the Agency under the Lease Agreement from the proceeds of property taxes, but intends to utilize parking meter revenues and payments received from the Developer under the Parking Sublease, the DDA and the First Implementation Agreement, as previously discussed.

The Lease Agreement

The Site to be acquired and cleared with the proceeds of these Bonds, together with the Facility to be constructed thereon with the proceeds of the proposed Series B Bonds and other funds will constitute the Leased Premises, and will be leased to the City by the Agency under the terms of the Lease Agreement dated as of May 1, 1979. The Lease Agreement will terminate on the earlier of November 1, 2006 or the date that all Parking Lease Revenue Bonds issued pursuant to the Resolution have been fully paid or provided for.

Ordinance No. C-5483 of the Long Beach City Council approving the Lease Agreement was adopted on March 20, 1979, and becomes effective April 20, 1979, the 31st day after approval. During such 30-day period the ordinance may be subject to referendum by petition. As of the date of this official statement, there is no indication that such a petition is being circulated.

The Lease Agreement provides that the City will pay the Agency equal semi-annual installments of base rental on April 15 and October 15 of each year. The rental obligation will commence on the date the City receives written notice that the Leased Premises or any portion thereof is available for use for parking purposes, but in no event no later than four years from the date of the Lease Agreement plus any extension of the completion date for the Facility (which extension may not exceed two years). The expected date for obtaining possession of all property constituting the Site is December 1, 1979, at which time demolition and site preparation will commence. Construction of the Facility is scheduled to begin on March 15, 1980, and be complete by August 1, 1981. The first semi-annual payment of base rental would be made on April 15, 1982 and would, together with the next semi-annual payment on October 15, 1982, be applied to the payment of interest and principal on the Series A and proposed Series B Bonds coming due on the next following November 1. Debt service (interest) requirements on all outstanding Parking Lease Revenue Bonds prior to November 1, 1982 will be paid from their proceeds.

Ordinance No. C-5483 of the City provides for a maximum annual rental payment of \$1,200,000 (after issuance of the Series B Bonds for construction of the Facility). The actual amount of base rental will be determined after the sale of both the Series A

Bonds and the Series B Bonds and will be in an amount sufficient to cover annual debt service on both series of Parking Lease Revenue Bonds over the entire term of the respective issues. If for any reason the Series B Bonds are not issued and the Facility is not constructed, the Site will be leased to the City for surface parking use at an adjusted annual base rental sufficient to pay interest and principal on the Bonds as they become due. Maximum annual debt service on both series of Parking Lease Revenue Bonds is estimated at \$950,000, consisting of \$605,962 for the Bonds now being offered and \$344,038 for the proposed Series B Bonds. The base rental payment would not exceed maximum annual debt service.

The City is required to provide for the operation and maintenance of the Facility to be constructed on the Site and to pay to the Agency as additional rent the amount necessary to pay taxes and assessments, if any, premiums for insurance required by the Lease Agreement or the Resolution and any other expenses of the Agency in connection with the Leased Premises which are not met from other sources of funds.

The City is obligated under the Lease Agreement to budget for and appropriate the amount of the rentals due in each fiscal year. Under terms of the Resolution, the Agency is required to enforce the terms of the Lease Agreement under any appropriate remedy. Should the City default in its obligations under the Lease Agreement, the Agency has the right to relet the premises for the account of the City without terminating the Lease Agreement and the City is obligated to make up any deficiencies in revenues to the Agency. It is anticipated that the City will meet rental payments to the Agency from parking meter revenues and from payments received from the Developer under the Sublease, the DDA and the First Implementation Agreement, but the City's obligation to make such rental payments is not dependent upon or subject to receipt of funds from these sources.

The Lease Agreement provides that the proceeds of any condemnation award or insurance payment for damages to the Leased Premises will be used to repair or replace the Leased Premises or to call and redeem Bonds. It further provides that if the Agency has sufficient funds to repair or replace the Leased Premises (including funds to meet debt service during the time required) it must do so unless the City consents to the redemption of Bonds instead.

Creation of Special Funds

The Resolution provides for the establishment of special funds for the control and administration of Bond proceeds and of the revenues pledged to meet Bond service. These funds, their sources and uses are listed in the tabulation at the bottom of the page. The tabulation also shows whether the funds are held by the Fiscal Agent or the Treasurer of the Agency (the "Treasurer").

Further details of the funds are described in the following pages.

Disposition of Bond Proceeds

Upon delivery of the Bonds the following amounts will be transferred to the Fiscal Agent for deposit as indicated.

1. **Bond Service Fund**—An amount equal to the first 36 months' interest on the Bonds (including premium and accrued interest, if any) will be deposited in the Bond Service Fund and be used to pay interest as it becomes due.

2. **Reserve Fund**—An amount equal to one-half of maximum annual debt service on the Bonds, will be deposited in the Reserve Fund.

Moneys in the Reserve Fund are to be used to pay Bond interest and principal in the event there are insufficient revenues for that purpose and money withdrawn from the Reserve Fund must be replenished from the first available revenues. The fund may also be used to meet the final payments of Bond principal and interest. Moneys in the Reserve Fund may be transferred to the Acquisition and Construction Account to repair or rebuild the Facility in the event of casualty loss or damage or be applied to non-covered casualty losses because of deductible or policy amount limitations, but no such transfer or withdrawals may reduce the balance below one-quarter maximum annual debt service.

The Reserve Fund will be initially established in an amount equal to one-half of maximum annual debt service from Bond proceeds, and must be maintained at this level for the term of the Bonds.

LONG BEACH REDEVELOPMENT AGENCY

PARKING LEASE REVENUE BONDS

Special Funds

Fund or Account	Held by	Source	Use
Acquisition and Construction Account	Treasurer	Bond proceeds	Acquisition and construction costs
Revenue Fund	Fiscal Agent	City rental payments and other Pledged Revenues	Transfers to other funds
Bond Service Fund	Fiscal Agent	Bond proceeds and Revenue Fund	Payment of bond principal and interest
Reserve Fund	Fiscal Agent	Bond proceeds, interest earnings (and, if required, Revenue Fund)	Payment of bond principal and interest and limited transfer to Acquisition and Construction Account or payment of non-covered casualty losses
Maintenance and Operation Fund	Fiscal Agent	Bond proceeds and Revenue Fund	Insurance and other project-related expenses
Surplus Revenue Fund	Fiscal Agent	Revenue Fund	Purchase or redemption of bonds, transfers to Acquisition and Construction Account, or reimbursement of City rental payments

3. **Maintenance and Operation Fund**—An amount equal to \$2,500 will be deposited in the Maintenance and Operation Fund and be used to the extent available to meet expenses of the Agency in connection with the Leased Premises.

4. **Parking Acquisition and Construction Account**—The balance of the proceeds are to be held by the Treasurer and placed in the Parking Acquisition and Construction Account within the Downtown Redevelopment Project Redevelopment Fund (heretofore created). Money in the account is to be used to acquire the Site and, following issuance of the proposed Series B Bonds, construct the Facility to be leased to the City. Any balance remaining in the account may be transferred to the Bond Service Fund or to the Redemption Fund (in either of which cases it is to be applied as a credit toward base rental due from the City under the Lease Agreement), be transferred to the Reserve Fund (if needed), or be retained in the account and used to finance construction of the Facility or future improvements to the Leased Premises.

Deposit and Application of Revenues

1. **Revenue Fund**—All Pledged Revenues are to be placed by the Fiscal Agent in the Revenue Fund from which they will be transferred for the purposes and in the order of priority listed below.

2. **Bond Service Fund**—On or before October 15 of each year, commencing October 15, 1982, the Fiscal Agent will deposit in the Bond Service Fund an amount which, together with the balance in the fund, will be sufficient to pay interest becoming due on the next two succeeding interest payment dates; and on or before each October 15 (commencing October 15, 1982), an amount equal to the principal becoming due on the next succeeding November 1. Moneys in this fund are to be used only to pay interest and principal on the Bonds.

3. **Reserve Fund**—The Treasurer will transfer to the Fiscal Agent for deposit in the Reserve Fund from the first available revenues the amount, if any, required to maintain the balance in the fund at an amount equal to at least one-half year's maximum annual debt service.

4. **Maintenance and Operation Fund**—The Fiscal Agent will place in the Maintenance and Operation Fund the amount necessary to pay taxes and assessments, if any, levied on the Leased Premises and any operating costs of the Agency in

connection with the issuance of the Bonds or of the Leased Premises to be financed by them, including insurance premiums and Fiscal Agent fees.

Under terms of the Lease Agreement the City is responsible for operation and maintenance of the Leased Premises. However if the Agency should be required to operate and maintain it as a result of a default by the City under the Lease Agreement, the costs will be met from this Fund.

5. **Surplus Revenue Fund**—Any money in the Revenue Fund on May 15 of any year, beginning May 15, 1982, provided it is not required to meet future debt service requirements under the schedule of base rental payments, will be transferred by the Fiscal Agent to the Surplus Revenue Fund and may be used by the Agency for construction of the Facility, improvements to the Leased Premises, to purchase or redeem bonds, to reimburse the City for any rental payment previously paid, or transferred to the Maintenance and Operation Fund.

Uses of Invested Funds

Money in the Bond Service Fund and the Acquisition and Construction Account may be deposited or invested in accounts or federal securities (as such term is defined in the Resolution) which will mature on or before the date the money must be paid out of such funds. Any interest earnings will become a part of such funds.

Money in other funds may be deposited or invested in accounts or federal securities maturing at any time prior to the last principal payment date. Interest earnings which bring the balance in the Reserve Fund to an amount in excess of one-half maximum annual debt service will be transferred to the Revenue Fund on any January 15.

During acquisition of the Site and Construction of the Facility, interest earnings on the funds created under the Resolution shall be retained in or transferred to the Acquisition and Construction Account.

Additional Bonds

The Resolution provides that no additional bonds having a priority in payment out of the Pledged Revenues may be issued. Additional bonds may be issued on a parity with the Series A Bonds under the following conditions:

1. The additional bonds must be issued to finance the Parking Project (as defined in the

Resolution), an addition to, or completion of, the Leased Premises, and must be declared by the Agency to be necessary for those purposes.

2. The Agency must not be in default under the Resolution providing for the issuance of these Bonds.

3. The proceeds from the sale of the additional bonds, together with any other money available for the purpose, must be sufficient to meet the costs of acquisition and construction, incidental expenses of bond issuance, interest during the period of acquisition and construction and the required transfer to the Reserve Fund as described in paragraph 5 below.

4. The Agency and the City must have entered into a new Lease Agreement or supplement thereto which provides for sufficient annual base rental payments to meet bond service requirements of the outstanding Bonds and the additional bonds.

5. Provision must be made to increase the Reserve Fund to an amount equal to at least one-half the revised maximum annual bond service amount.

6. The additional bonds must be payable as to principal on November 1 and as to interest on May 1 and November 1.

7. The Agency shall file a certification as to all of the foregoing with the Fiscal Agent and the Treasurer, together with a copy of the new Lease Agreement or supplement thereto.

The Agency may also issue refunding bonds under the Law for the purpose of refunding all or any portion of the Bonds then outstanding.

Insurance

The Resolution requires that the Agency maintain or cause to be maintained the following policies of insurance covering the Leased Premises.

1. Insurance Against Damages by Fire, Earthquake, Etc.—The Agency will maintain insurance upon any structures comprising any part of the Leased Premises against damages by the following causes in the following amounts, if obtainable from reputable insurers on the open market.

a. **Against fire**—Insurance against fire, lightning and perils normally included under “extended coverage”, in amounts equal to the full insurable value of the properties, or the Agency’s outstanding Bonds whichever is less, subject to deductible provisions not exceeding \$100,000.

b. **Against earthquakes**—Insurance against earthquakes, in amounts equal to the full insurable value of the properties, or the Agency’s outstanding Bonds, whichever is less, subject to deductibles of ten percent for any one loss.

2. Insurance Against Business (Rental) Interruption—The Agency will maintain insurance against business (rental) interruption against all of the perils described above in an amount equal to at least one year’s base rental and estimated additional rental under the Lease Agreement.

3. Liability Insurance—The Agency will maintain public liability insurance of at least \$250,000 per person and \$1,000,000 per accident with respect to bodily injury or death and \$50,000 for property damage.

Other Covenants

The Resolution contains certain additional covenants, including but not limited to the following, under which the Agency agrees:

1. To punctually pay Bond principal and interest as they become due.

2. To pay, discharge, or contest any lawful claims and any taxes, assessments, or other governmental charges upon the Leased Premises or the Pledged Revenues which might impair the security of the Bonds.

3. To promptly acquire and clear the Site and construct or cause to be constructed the Facility and any related facilities.

4. To enforce and abide by the Lease Agreement, and not to agree to any amendment or supplement to the Lease Agreement which would impair or reduce the security of the Bonds.

5. Except as permitted by the Lease Agreement, not to mortgage, encumber, sell, lease, place a charge on or otherwise dispose of the Leased Premises or the revenues therefrom, except under the provisions for substitute facilities, and not to enter into any agreement which impairs the rights of the Bondholders with respect to the revenues or operation without making adequate provision to protect the rights of Bondholders.

6. To keep proper books of record and accounts and to file with the Fiscal Agent annually, within 120 days after the end of each fiscal year, detailed certified audits covering the opera-

tion of the Agency, showing revenues, expenses, insurance in force, and the status of each fund or account.

7. To maintain or cause to be maintained the Leased Premises.

8. If for any reason the Agency should operate the Leased Premises, to fix and collect charges sufficient to pay Bond principal and interest when due, to pay all operation and maintenance expenses and to maintain the special funds provided for in the Resolution.

9. In the event the City fails to budget for the rental payments as required under the Lease Agreement to take such action as is necessary to have the City budget and appropriate money for such payments and to advise the Fiscal Agent of the actions taken.

10. Not to make any use of the Bond proceeds which would cause the bonds to be taxable arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code, as amended, and any regulations adopted or proposed thereunder.

11. Not to make any use of the Bond proceeds nor permit the use of any or all of the Leased Premises in a manner which would cause the interest on the Bonds to become subject to federal income taxation.

Investment of Funds

The Fiscal Agent will keep the funds of the Agency invested or on deposit in such manner as will produce reasonable interest returns in the opinion of the Fiscal Agent. All such investments must mature not later than the time the funds will be required.

Amendment of the Resolution

The Resolution may be modified or amended by a supplemental resolution only with the consent of the holders of 60% of all Bonds then outstanding (exclusive of Bonds owned by the City or Agency). No modification or amendment of the Resolution shall: (1) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Agency to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein, without the express consent of the holder of such Bond, or (2) permit the creation by the Agency of any mortgage, pledge or lien upon the Pledged Revenues superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification.

ESTIMATED ANNUAL BOND SERVICE

Table 1 presents an estimate of annual debt service on the Bonds based on an assumed coupon rate averaging 7¼ percent per annum. This schedule would require an average annual base rental of \$600,400. Pursuant to the Lease Agreement and the schedule of actions set forth in the First Implementation Agreement, the City's rental obligation for the Leased Premises will commence on April 15, 1982, and will be sufficient to meet all Bond interest and principal requirements.

**Table 1—LONG BEACH REDEVELOPMENT AGENCY
\$6,830,000 PARKING LEASE REVENUE BONDS—SERIES A
Estimated Annual Bond Service**

Year Ending Nov. 1	Bonds Outstanding ^①	Interest Estimated @ 7.25%	Principal Payments	Total Bond Service
1979	\$6,830,000	\$ 247,588 ^②	\$ —	\$ 247,588
1980	6,830,000	495,175 ^③	—	495,175
1981	6,830,000	495,175 ^③	—	495,175
1982	6,830,000	495,175 ^④	100,000	595,175
1983	6,730,000	487,925	110,000	597,925
1984	6,620,000	479,950	115,000	594,950
1985	6,505,000	471,612	125,000	596,612
1986	6,380,000	462,550	135,000	597,550
1987	6,245,000	452,763	145,000	597,763
1988	6,100,000	442,250	155,000	597,250
1989	5,945,000	431,012	170,000 ^⑤	601,012
1990	5,775,000	418,688	185,000 ^⑤	603,688
1991	5,590,000	405,275	195,000 ^⑤	600,275
1992	5,395,000	391,137	210,000 ^⑤	601,137
1993	5,185,000	375,913	225,000 ^⑤	600,913
1994	4,960,000	359,600	240,000 ^⑤	599,600
1995	4,720,000	342,200	260,000 ^⑤	602,200
1996	4,460,000	323,350	280,000 ^⑤	603,350
1997	4,180,000	303,050	300,000 ^⑤	603,050
1998	3,880,000	281,300	320,000 ^⑤	601,300
1999	3,560,000	258,100	345,000 ^⑤	603,100
2000	3,215,000	233,087	370,000 ^⑤	603,087
2001	2,845,000	206,262	395,000 ^⑤	601,262
2002	2,450,000	177,625	425,000 ^⑤	602,625
2003	2,025,000	146,812	455,000 ^⑤	601,812
2004	1,570,000	113,825	485,000 ^⑤	598,825
2005	1,085,000	78,663	520,000 ^⑤	598,663
2006	565,000	40,962	565,000 ^⑤	605,962
		<u>\$9,417,024</u>	<u>\$6,830,000</u>	<u>\$16,247,024</u>

① Outstanding prior to payment of principal in each indicated year.

② Six months' interest, funded from bond proceeds and paid as part of first annual coupon on May 1, 1980.

③ Paid from Bond proceeds.

④ One-half paid from Bond proceeds.

⑤ Subject to call and redemption on and after November 1, 1988.

LONG BEACH REDEVELOPMENT AGENCY

The Agency

In 1961 the Long Beach City Council took action that formally recognized the need for redevelopment of portions of the City. The Agency was activated under the provisions of the Community Redevelopment Law by Ordinance No. C-4184, approved and adopted by the City Council on October 17, 1961. A separate five-member governing board, ("the Board"), whose members are appointed by the City Council, administers the affairs of the Agency. The City's Director of Community Development serves as Executive Director of the Agency in the implementation of policy and administration of redevelopment activities. Project Area Committees composed of local citizens, business people and civic organization representatives provide the Agency with advice on the various redevelopment projects in the City.

The City provides all staff services to the Agency through a cooperation agreement, including fiscal services, planning, engineering, legal assistance, property services, relocation and other functions necessary for project development. As City employees, staff assigned to Agency activities participate in all of the City's employee benefit programs. In addition, the Agency retains the services of independent consultants and advisors to assist in legal and financing aspects, property appraisal and acquisition, relocation, land use studies and such other areas of competence deemed necessary by the Board.

Although not directly involved in the Agency's redevelopment activities, the Long Beach City Manager is responsible for the operation of the Community Development Department, which provides staff and technical services to the Agency. Mr. John E. Dever assumed the duties of City Manager in January of 1977, after serving the City of Sunnyvale, California, as City Manager for the previous 10 years. He has also held the same position in Decatur, Illinois and Two Rivers, Wisconsin for an aggregate of 15 years. Mr. Dever is active in

organizations of government officials, and is Past President of two State City Managers' groups and member of the Board of Directors of the American Society of Public Administration. He is the author of numerous publications and books on public administration, a guest lecturer to universities and colleges, and is the recipient of several public service awards for his accomplishments in municipal government. He received his Bachelor's degree from Lawrence University, Wisconsin, and a Master's degree in Public Administration from Syracuse University, New York.

The Director of Community Development, Mr. James C. Hankla, also serves as Executive Director of the Agency, the Long Beach Housing Authority, the Economic Development Commission, and is departmental coordinator of City-sponsored development activities. His duties include redevelopment, housing rehabilitation, neighborhood preservation, economic development, field services, and categorical and block grant programs related to community development. He has been professionally employed by the City of Long Beach since 1960 in positions of successive responsibility, and was appointed to his present post in July of 1976. In his previous position as Executive Assistant to the City Manager, Mr. Hankla was responsible for the organization of the Long Beach Economic Development Corporation, and served as its Executive Vice President and General Manager. His educational accomplishments include a Master's degree in Government from California State University at Los Angeles. Mr. Hankla is a member of the Urban Land Institute, National Association of Housing and Redevelopment Officials and is Vice President of the National Council for Urban Economic Development.

Agency financial records are maintained by the City's Department of Financial Management under the supervision of the Director, Mr. Carl V. Husby, Jr. Appointed Director of Financial Management in October of 1977, Mr. Husby was previously Director of Finance in the City of Pasadena, California (January 1976 to October 1977) and the City of Sunnyvale, California (April 1965 to January 1976). His experience in governmental finance, accounting and budgeting dates from mid-1949. He has been responsible for the establishment of specialized financial "Planning, Programming, Budget Systems" which provide a high level of information and control over municipal revenues and expenditures. Mr. Husby is a member of the California Society of Municipal Finance Officers, the Municipal Finance Officers

Association of the United States and Canada and the California Committee on Governmental Accounting. He has served in an executive capacity on all of these organizations. Mr. Husby received a degree in Accounting from Sacramento State College, California.

Mr. Michael Conlon is Redevelopment Officer for the City of Long Beach and is directly responsible for all redevelopment activities of the Agency and the City. He has been involved with redevelopment and economic development in Long Beach since 1975. Mr. Conlon was previously the Director of Program Development for the Philadelphia Industrial Development Corporation, Philadelphia, Pennsylvania. He has received a Master's degree from the University of Pennsylvania.

The Downtown Redevelopment Project is under the supervision of Mr. Ronald E. Winkler, Project Manager. Mr. Winkler has been employed by the City for 12 years with responsibilities in community and economic development programs, inter-governmental relations, housing programs and Federal grants management. He has received both a Bachelor's and Master's degree from California State University at Long Beach.

The Long Beach City Attorney provides legal service to the Agency, and assigns a Deputy City Attorney to assist in the conduct of legal affairs. Mr. Richard A. Alesso, Deputy City Attorney, has assisted the Agency since 1976. He received the J. D. degree from Southwestern University, California in 1966, and was admitted to the California Bar in June of 1967. On the same date, Mr. Alesso was also admitted to practice in the U.S. District Court, Central District of California. As indicated on the title page to this official statement, the Agency also retains the firm of McDonough, Holland, Schwartz and Allen, Sacramento, California, as Special Counsel, and other legal counsel for specified actions.

Powers

All powers of the Agency are vested in its five Board members, who are appointed by the City Council. Under the Community Redevelopment Law, the Agency is a separate public body and exercises governmental functions in executing duly adopted redevelopment projects. As such, the Agency has the authority to acquire, develop, administer, and sell or lease property, including the right of eminent domain, the right to accept financial assistance from

any source, and the power to issue bonds, notes or other evidences of indebtedness, and expend their proceeds. The Agency itself does not have the power to levy taxes.

The Agency may also clear buildings or other improvements, develop as a building site any real property owned or acquired by it, and in connection with such development, may provide for the installation of streets, utilities, sidewalks, and other necessary public improvements. With the exception of publicly owned structures and facilities benefitting the Project, the Agency itself cannot construct any buildings contemplated under the Redevelopment Plan but must convey property in the Project by sale or lease at fair value, for private redevelopment in strict conformity with the Plan. The Agency may specify a period of time within which such development must begin.

Redevelopment Financing

The Community Redevelopment Law authorizes a method of financing redevelopment projects based upon a prescribed allocation of property taxes collected within a project. This method is known as tax allocation bond financing. The assessed valuation of taxable property within a redevelopment project is, in effect, frozen at the level set forth in the assessment rolls last equalized prior to the effective date of the ordinance adopting the redevelopment plan, and all overlapping taxing bodies continue to receive the taxes derived by the levy of the then current tax rate against the assessed valuation of the project up to an amount equivalent to this frozen base. All property taxes collected each year after the adoption of the redevelopment plan upon any increase in assessed valuation above the established base level may be credited to a redevelopment agency and be pledged to the repayment of any indebtedness incurred in the development of the project. Such income is referred to as "tax increment revenue," and in tax allocation bond financing is defined as "Tax Revenues." The county in which a redevelopment project is located also distributes to the agency the incremental delinquent taxes in the same manner when they are collected. After all indebtedness of an agency for a given project has been repaid, the total taxes produced by the project thereafter accrue to the respective taxing bodies in the usual manner. Thus, the tax allocation procedure not only permits each taxing agency to levy and collect taxes on the level of assessed valuation existing in a project prior

to redevelopment, but also provides that increases in assessed valuation occurring as a result of such redevelopment may be used as a basis for the repayment of costs or indebtedness incurred in behalf of the project.

During the course of redevelopment, assessed valuations may temporarily be less than the frozen base, as a redevelopment agency acquires land and improvements and the properties are removed from the tax rolls by virtue of the transfer to public ownership, or as other land development activities result in a short-term reduction in assessed valuation. While assessed valuations are less than the frozen base, overlapping taxing entities receive only the taxes derived from the current tax rate applied against the actual assessed valuation. As an agency disposes of land to private ownership for purposes of redevelopment, it is returned to the tax rolls with an assessed valuation that usually reflects the higher level of planned use prescribed in the redevelopment plan. In the event that privately-owned property is acquired and permanently removed from the tax rolls for public uses, the frozen base valuation may be reduced proportionately so that the ability to generate tax increment revenues from any new development will not be impaired.

As previously stated, the Community Redevelopment Law authorizes the incurrence of indebtedness by a redevelopment agency, and the payment of debt service costs is permitted from any one or a combination of stated sources. The Tax Allocation Bonds, Issue of 1979, now being offered, are secured by a pledge of Tax Revenues produced from the incremental assessed valuation of the Project, which are to be paid directly into the Agency's Special Fund established for the benefit of the Bondholders, and held by the Fiscal Agent.

An additional method of financing permitted under the Law is through the issuance of lease-revenue bonds by a redevelopment agency for the acquisition and construction of public facilities which will be leased to the local community. The Parking Lease Revenue Bonds, Series A, now being offered, represent the utilization of this method of financing redevelopment activities. Payment of the lease-rentals each year becomes a general fund obligation of the City, for which any unrestricted funds may be used. The Agency's financing program is discussed in the Introduction to this official statement, and elsewhere herein.

Agency Financial Statements

The Long Beach Redevelopment Agency is a public entity separate and apart from the City, but is entirely staffed by employees of the City. All accounting records of the Agency operations are maintained by the City's Department of Financial Management separate from the City records. Agency financial records, statements and transactions are examined by the Long Beach City Auditor, Robert E. Fronke, CPA, in accordance with generally accepted auditing standards, and an annual report on the examination is presented to the Agency. Functions and responsibilities of the City Auditor's Office are maintained separately from the Department of Financial Management. The City Auditor's report on the examination of the Agency records for the fiscal year ended June 30, 1978, together with the Agency financial statements, is reproduced in its entirety as Appendix I to this official statement. The report presented as Appendix I includes cumulative statements of the respective Agency projects through the fiscal year ended June 30, 1978, and their respective financial positions at June 30, 1978.

Other Agency Redevelopment Projects

Since the Agency was activated in 1961, it has adopted four redevelopment projects covering various portions of the City. The Downtown Redevelopment Project is discussed in detail in a following section of this official statement. Brief descriptions of the other three projects are presented below. It should be noted that these projects have no connection with the Project described herein, and the following narrative is presented only as a matter of information.

The West Beach Project—Approved on April 30, 1964, this project was the first to be initiated by the Agency. The West Beach Project covers approximately 21 acres and adjoins the present southwestern boundaries of the Downtown Project discussed herein. During the course of redevelopment activities, the area has been cleared of all deteriorated structures, 21 acres of property were acquired, and all occupants have been relocated. Three office structures have been completed with a total of 398,000 square feet, supported by two off-street parking garages. As of the 1978/79 fiscal year, the assessed valuation of this project exceeds the 1963/64 base-year valuation (\$1,027,230) by \$4,170,875, and is expected to produce \$166,835 of tax revenues at the permitted \$4 property tax rate. Approximately 5.8 acres of land in two parcels remains to be devel-

oped, and are now being marketed. Project costs have been met from a combination of City advances and proceeds of \$9,485,000 of tax allocation bonds which were issued in February of 1965. As of the date of this official statement \$3,905,000 principal amount of these bonds are outstanding, including \$1,970,000 held by the City. As a result of the passage of the aforementioned Proposition 13 (now Article XIII A of the California Constitution), tax revenues pledged to the payment of these bonds have been reduced significantly. It appears that such tax revenues to be received in the current 1978/79 fiscal year will be sufficient to pay interest on these bonds, but virtually no funds will remain for the payment of principal through call and redemption (the bonds are term obligations all maturing February 1, 1995).

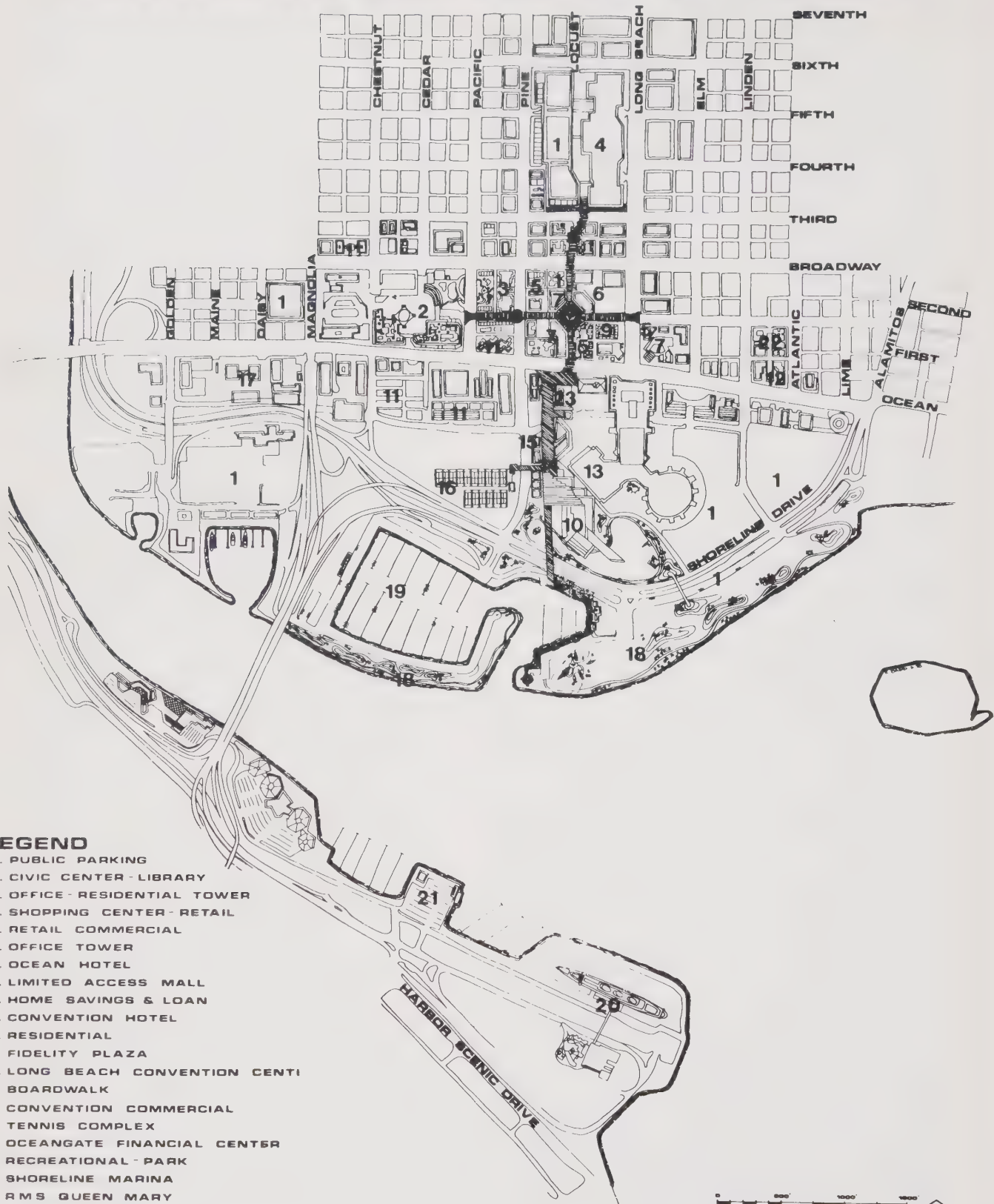
It cannot be predicted whether tax revenues to be received from incremental assessed valuations of the West Beach Project and other pledged revenues (proceeds received from the sale to developers of land located within this project) will be sufficient in future years to retire the bonds at maturity. Legislation has been passed by the California Legislature, and signed by the Governor, which would permit the formation of a special assessment district coterminous with (or covering the benefitted portion of) a redevelopment project, with the power to levy annual assessments in amounts sufficient to meet the difference between tax increment revenues and debt service each year. If the Agency avails itself of this enabling legislation, and assuming the legislation is not held to be illegal or unconstitutional, it appears that these bonds and the interest thereon could be retired at maturity.

Bonds issued on behalf of the West Beach Project are secured by and payable solely from the pledged revenues (including the tax revenues) generated by such project. In the event that tax revenues and other pledged revenues, if any, from this project are not sufficient to pay interest when due and principal at or before maturity on the outstanding West Beach Project Tax Allocation Bonds, the holders thereof cannot enforce their rights against other funds of the Agency. Consequently, Tax Revenues or other revenues generated by the Downtown Redevelopment Project cannot be sequestered for the payment of bonds issued on behalf of the West Beach Project. It should be noted, however, that a default, if such event should occur, in the West Beach Project Tax Allocation Bonds could have an adverse effect on the market price of the Bonds described in this official statement.

Poly High Project—The second redevelopment project in Long Beach was adopted in March of 1973, and covers approximately 87 acres in the City's original central area, one mile northeast of the Downtown Redevelopment Project. Primary objectives of the Redevelopment Plan for this project call for removal of substandard and deteriorated structures and the provision of improved housing for families of low and moderate income, together with supporting commercial and public facilities. To date the Agency has acquired 205 parcels of property, relocated 454 occupants, and sponsored the development of 172 units of single and multifamily housing, and three commercial projects. Public costs of \$9,791,245 (through June 30, 1978) have been met principally from the Federal Categorical Neighborhood Development Program and Community Development Block Grant proceeds. Additional funding has been obtained from the Long Beach Unified School District and the City. Because of the effects of the aforementioned Proposition 13 (Article XIII A of the California Constitution), and the continuing acquisition of property for redevelopment, the assessed valuation of this project has not yet exceeded its base-year valuation. The Agency has not incurred any bonded indebtedness on behalf of this project, and expects that its involvement will end in 1980 without the incurrence of any such indebtedness. As development of the project continues, it is anticipated that tax revenues from incremental assessed valuations will repay City advances towards project costs.

West Long Beach Industrial Redevelopment Project—This project was adopted on June 24, 1975, and covers an area of 1,350 acres in the westernmost part of the City containing the original area of the Port of Long Beach. Project objectives include improving utilities, streets, landscaping and signing, and replacing substandard residential and industrial properties with new industrial developments. Assessed valuations of this project have increased from \$57,757,590 (the 1974/75 base year valuation) to \$100,465,535 in 1978/79. At the current property tax rate of \$4 per \$100 assessed valuation, this project would be capable of generating more than \$1.7 million of tax revenues annually. However, legal action has been filed challenging the Redevelopment Plan for this project, and all redevelopment activities have been suspended pending an outcome of the action. No bonded indebtedness has been incurred by the Agency on behalf of the West Long Beach Industrial Project.

DOWNTOWN REDEVELOPMENT PROJECT



LONG BEACH DOWNTOWN REDEVELOPMENT PROJECT

Background

The Redevelopment Plan for the Downtown Redevelopment Project was adopted by the Agency and City Council pursuant to Council Ordinance No. C-5187 on June 17, 1975. This Project, the third to be undertaken by the Agency, covers the City's central business district, the City/County Civic Center complex, the Tidelands Development area and a portion of the City's Pacific coast shoreline. Conditions in the Project area prior to adoption of the Plan met statutory conditions for blight, with findings of high vacancy rates, poor housing accommodations, older substandard and deteriorated commercial structures and general economic stagnation. Such findings are prerequisites, pursuant to the Law, to commencement of actual redevelopment activities. Under the Plan, it is the intention of the Agency to eliminate the blighting conditions by stimulating and assisting new commercial, residential and visitor-related development within the Project through assembly and clearance of property for sale to approved developers and the construction or provision of complementing public facilities.

Project Description

The Project is an irregularly shaped area containing 421 acres of land generally extending from the shoreline on the South to Seventh Street on the North, and from Queens Way and Pacific Avenue on the West to Elm Avenue and Alamitos Street on the East. The original business district of the City is located within the Project boundaries, together with a portion of the older housing stock and the outdated waterfront amusement area.

As stated in the "Report to the City Council" on the Plan (April 1975), the primary objective is to revitalize the City's downtown area by restoring this area as a center for business and commerce, and re-establishing its relationship to the shoreline. General objectives of the Plan include development of a regional shopping mall covering 5¾ city blocks (including an off-street parking garage), restoration and

modernization of the surrounding commercial area, development of a new Civic Center complex, development of the shoreline into a modern recreation and visitors center, and the promotion of new residential development in the shoreline area.

The Project provides for planned development for specified uses, as follows: Central Business District—105 acres; general commercial—65 acres; Institutional uses—25 acres; recreational and public activities—166 acres, and general commercial/medium density residential—60 acres. Residential development will be promoted throughout the Project area, particularly within and adjoining the central business district. Recreational and public activities development are primarily confined to the Tidelands area and are discussed in some detail in the section hereof entitled "Downtown Long Beach Tidelands Development".

The primary development within the Project is the Long Beach Plaza shopping mall, as supplemented by the additional developments that are committed at the present time. The entire Project area is subject to redevelopment either through direct action of the Agency or under Owner-Participation Agreements between the particular property owner and the Agency.

Redevelopment activities within the Project do not call for unlimited acquisition and clearance of property, but are limited to approved developments on specific parcels. Upon such approval, the Agency will then exercise its powers to assist in the proposed development.

The two issues of bonds currently being offered for sale (the Agency's Tax Allocation Bonds, Issue of 1979, and the Parking Lease Revenue Bonds, Series A, which are described in separate official statements of the Agency), will be utilized primarily to assist in the financing of property acquisition, clearance, relocation and other necessary costs incidental to assembly of the site for the parking garage (the "Agency Parcel") and the "Developer Parcel". The Agency currently estimates that it will acquire 66 parcels of property for the Plaza and the parking garage, necessitating the relocation of 151 living units and 120 commercial occupants. In addition, the Agency has obtained, or is in the process of obtaining, possession of 12 parcels of property comprising two additional developments in the Project area.

A design plan for Downtown Long Beach has been prepared by The Arroyo Group of Pasadena. Specific elements of the plan include automobile and bus

transportation, pedestrian amenities and landscaping. Locust Plaza, to be developed at the intersection of First Street and Locust Avenue, is planned as a landscaped public square. First Street between Long Beach Boulevard and Pacific Avenue is planned to become a central transit transfer center for lines serving downtown Long Beach, and be totally redesigned for heavy pedestrian traffic. Locust Avenue will be partially restricted for pedestrian use and will be narrowed to encourage outdoor restaurant and specialty retailing.

The overall concept that is being applied to redevelopment efforts in downtown Long Beach includes both major physical revitalization and major transit and pedestrian related improvements. Downtown revitalization and proposed transportation improvements will be occurring simultaneously. This provides an opportunity for the proposed development and the transportation and circulation system in the Project area to be coordinated and integrated. The result should be a downtown area in which transportation and land use function together as mutually supporting activities. The proposed transportation improvements are the key to connecting the various uses and activities in the downtown-shoreline area. Additional street and pedestrian improvements are proposed which include street closings, pedestrian walkways, view corridors, landscaping and other amenities to serve the Project and proposed developments. Initial funding for the \$17 million transit and traffic plan has been approved by the Urban Mass Transit Agency of the Federal Department of Transportation, in the amount of \$800,000 for preliminary engineering and design studies. Follow-on funding approval of the \$14.5 million Federal portion of these costs is expected within the next few months.

In accordance with the Law, the City is required to have a General Plan, and the Project must be in conformance with such General Plan. The Land Use Element of the General Plan was amended October 24, 1978, and the Project is fully consistent with such Land Use Element.

Project Status

Various governmental entities (including the City and the Agency) have been actively involved in the Project since its adoption in 1975, and a number of actions or events have occurred which will help to implement the Plan and foster future private development. First, the City/County Civic Center complex is virtually complete, with the construction of County offices and courts, and the new City Hall

and library facilities. A new State office building is to be constructed on the site of the former City Hall (now demolished), at a cost of approximately \$10 million. Secondly, the City's Tidelands Agency has made substantial progress in the development of the public facilities on the properties within the Project which are under its primary jurisdiction (see page 45 hereof for a discussion of this development and future plans). Third, the Agency has entered into firm Disposition and Development or Owner Participation Agreements with five developers and is in the process of negotiating additional agreements with other interested parties for development of Project properties. Two of these developments are currently in progress.

As of June 30, 1978, the City has advanced \$915,912 towards Project costs which are not expected to be recovered from proceeds of the current financing program (additional funds have been advanced since such date, which are also to be treated by the City as a loan to the Agency and will not be recovered from proceeds of the financing program). These advances of funds have been made in anticipation of new development that will promote additional business activity and thereby generate revenues (such as sales and use taxes, and transient occupancy taxes) which will accrue directly to the City.

Of the three major developments currently in progress within the Project, the largest is the Long Beach Plaza, a regional shopping center which is being developed by the firm of Ernest W. Hahn, Inc., El Segundo, California, one of the nation's foremost developers and operators of regional shopping centers. As presently proposed, the Plaza will be located on the Developer Parcel of 14.186 acres and will contain three major department stores and approximately 120 retail and related establishments in a two-level mall. In accordance with the terms of the First Implementation Agreement to the Disposition and Development Agreement, and the DDA between the Developer and the Agency, the Agency agrees to convey with the Developer Parcel by May 1, 1980, for an agreed price of \$5,050,000, and further agrees to construct or cause to be constructed a public parking garage containing no less than 3,000 parking spaces. In turn, the Developer agrees to construct the Plaza which is to contain not less than 600,000 nor more than 640,000 square feet of gross leasable area. The parking garage is to be subleased to the Developer for an agreed price plus additional consideration.

The Plaza will be a fully enclosed air conditioned mall located on a gross site area (including parking garage) of 22.289 acres, bounded by Pine Avenue, Sixth Street, Long Beach Boulevard and Third Street on the West, North, East and South, respectively. Three major department stores, Buffums', J.C. Penney and Montgomery Ward, will anchor the development and approximately 120 shops will be located in the landscaped mall. The anchor tenants have approved their locations in the Plaza, and the Developer is currently in the process of negotiating final lease agreements and terms of a Reciprocal Easement Agreement with two of these three firms (see the "Introduction" hereto). Terms of the REA have been approved by formal action of the Agency, the City, the Developer and the department stores, and upon execution by all parties thereto will be filed with the Los Angeles County Recorder. The Developer has deposited a non-refundable good faith deposit equal to 10 percent of the agreed purchase price of the Developer Parcel (a \$505,000 deposit), and has further agreed to make additional payments for sublease of the parking garage to be financed with proceeds received from the sale of the various series of Parking Lease Revenue Bonds of the Agency.

As part of the development of the Plaza, Buffums' plans to relocate its corporate headquarters to a new 66,000 square-foot office building from their existing Long Beach offices. Construction of the Plaza and the proposed offices will proceed concurrently.

Upon receipt of proceeds of bonds currently being offered by the Agency, together with other funds allocated to the Project, the Agency will complete proceedings for the assemblage of land comprising the Developer Parcel and the Agency Parcel, clear the property, and relocate all tenants and occupants of the properties. According to the First Implementation Agreement, all property required for development of the Plaza and attendant parking is to be available by December 15, 1979.

The proposed parking facilities will consist of a 3½-level garage adjoining the mall containing approximately 3,000 spaces. The Developer has agreed to submit a bid not exceeding \$12,492,000 for construction of this facility, but if a lower construction bid is received at the time for receipt of such bids, the construction contract will be awarded to such low bidder.

Gross building area and commercial space within the Plaza, as presently planned, is summarized in the following tabulation (excludes parking).

LONG BEACH PLAZA

Gross Building and Leased Areas

	Gross Building Area (square feet)	Gross Leased Area (square feet)
Department stores:		
J.C. Penney	115,690	110,000
Buffums'	80,000	76,000
Montgomery Ward	143,400	130,800
Mall shops	298,530	259,000
Retail in parking garage ..	29,000	29,000
Free-standing retail	16,200	16,200
Office building (Buffums') .	66,000	66,000
Public area	111,650	—
Totals	<u>860,470</u>	<u>687,000</u>

Source: Report of the Valuation Consultant dated February 7, 1979.

In order to develop estimates of the valuation of the Long Beach Plaza upon completion and occupancy, the Agency retained the services of the Valuation Consultant (Katz, Hollis, Coren & Associates, Los Angeles) to prepare an analysis of the proposed Plaza development and submit a report to the Agency presenting their estimate of the values of land (the Developer Parcel), improvements (the Plaza, Buffums' office building and the leasehold interest in the parking garage), and personal property (furnishings, fixtures and inventories). The report of the Valuation Consultant, dated February 7, 1979, estimated the market value of the foregoing property at \$65,351,250 upon full development and occupancy. Under the current practice of assessing property at 25 percent of market value, the total assessed valuation is estimated at \$16,337,812. A summary of the Valuation Consultants estimates is presented in the tabulation on the following page.

Two additional developments are currently in progress within the Project which are expected to represent an aggregate market value of \$15,894,000 when both are completed in the latter half of 1980.

The first of these is a 107,000 square-foot, 10-story office tower and 300-car parking garage which is now under construction in downtown Long Beach. This development will be occupied by Home Savings and Loan Association, and will serve as their regional headquarters offices. The Agency has acquired and cleared the site, relocated all occupants

and will convey fee title to the property to Home Savings in May of 1979. Construction began in January of 1979, and is scheduled for completion by July 1, 1980. On the basis of building permit values and architects' estimates, the full value at completion is estimated at \$8,240,000, or \$2,060,000 of assessed valuation at the 25 percent assessment ratio.

LONG BEACH PLAZA

Estimated Market Value

	Market Value
Department stores:	
J.C. Penney	\$ 4,049,150
Buffums'	2,800,000
Montgomery Ward	4,578,000
Mall shops	13,433,850
Retail in parking garage	435,000
Free-standing retail	810,000
Office building (Buffums')	2,970,000
Public area	5,024,250
Furnishings, fixtures and inventory ..	13,709,000
Parking garage (leasehold interest) ..	12,492,000
Developer Parcel (purchase price) ..	5,050,000
Estimated Market Value	<u>\$65,351,250</u>
Estimated Assessed Valuation	
(@ 25%)	<u>\$16,337,812</u>

Source: Report of the Valuation Consultant dated February 7, 1979.

The second such development is a 230-room Holiday Inn Hotel to be constructed, owned and operated by Joseph A. Perry of Glendale, California. The Disposition and Development Agreement between this developer and the Agency calls for the construction of a nine-story hotel building and a three-story parking garage. The project will include a banquet facility, meeting rooms, dining room and recreational facilities. The developer and the Agency estimate the market value at completion at \$7,654,000, which would represent an assessed valuation of \$1,913,500. Preliminary development plans have been approved by the City and Agency and a building permit is expected to be issued when acquisition of the site has been completed by the Agency. At present, the Agency has relocated all occupants of the site and has obtained possession of all parcels comprising the site. Full title to all parcels is scheduled by late summer or fall of 1979, at which time the property will be conveyed to the developer and construction will begin. Completion is scheduled for September of 1980.

Several additional developments are in various stages of implementation or review by the Agency, but because certain actions remain to be taken, are not treated herein as being available for the production of Tax Revenues or other income to the Agency. These include a proposed 345-unit condominium development on a site to be acquired and cleared by the Agency (financing for this development may be obtained by the Agency through the issuance of its Mortgage Revenue Bonds during the



Architects' rendering of the 10-story Home Savings regional office which is presently being constructed within the Project.

summer of 1979). The Agency has entered into a Disposition and Development Agreement with the developer, and is in the process of arranging procedures and funding for site acquisition. No date for completion of construction has been established.

A second condominium project has been approved by the Agency under an Owner Participation Agreement. To be constructed in three phases, the development is presently expected to include 104 living units, a health club, parking facilities and office/commercial space. The site for the first phase has been cleared and is owned by the developer, preliminary design plans have been approved by the City, and utility relocation has been completed. Additional property will have to be obtained for subsequent phases. It is anticipated that development of the first phase will start when the developer obtains the necessary financing.

The Agency is reviewing several other developer proposals for additional projects which include a second hotel, a 45,000 square-foot retail complex, and approximately 400,000 square feet of offices. In addition, the Tidelands Agency is negotiating for a convention hotel to be constructed within the Project, adjacent to the Pacific Terrace development (See page 45 hereof for additional discussion of this proposed development).

Increases in the assessed valuation of the Project resulting from construction of any of these potential developments will generate additional Tax Revenues which will be pledged to payment of outstanding Tax Allocation Bonds issued by the Agency on behalf of the Project.

Disposition and Development Agreement

Under terms of the Disposition and Development Agreement with the Developer, and the First Implementation Agreement thereto, the Agency is committed to convey cleared land suitable for building construction on the shopping center site (the Developer Parcel) and certain peripheral parcels, in addition to making a number of site improvements. The area of the Developer Parcel is 14.186 acres. Modifications in existing utility systems, including water mains, sanitary and storm sewers, telephone and electrical lines and conduits, will be made to assure proper service to the Plaza. All electrical utility lines on the site will be underground.

Traffic and street systems will also be improved as necessary to assure adequate flow of vehicular traffic to and from the Plaza. The traffic control system will be improved to accommodate the increased traffic volume resulting from development of the Plaza. In addition, the major streets directly serving the site will be further improved to enhance their appearance and traffic capacity.

The Agency has agreed to assemble a site of 22.289 acres for the Plaza and the parking garage. The total site is composed of parcels in private and public ownership and certain interior street systems and minor easements. Property acquisition proceedings will be completed following sale of the Bonds now being offered.

Currently there are 120 business or commercial and 151 residential tenants or owners within the site who must be relocated. The Agency has employed Port and Flor, Incorporated, El Segundo, to provide relocation assistance, and Security Land and Right of Way Services, Inc., Long Beach, for property acquisition services.

At such time as the Agency has acquired those parcels comprising the site for the Developer Parcel, the property will be transferred to the Developer. Within 30 days after conveyance of title, construction is required to commence. The First Implementation Agreement provides that the Plaza is to be completed on or before August 1, 1981, and the parking garage is to be completed not later than the same date.

In addition to the mall building itself, the Developer will design and submit a bid for construction of the parking structure to serve the Plaza. It is anticipated that the parking structure will be financed through the issuance of Series B Parking Lease Revenue Bonds by the Agency and other available funds. The Developer has agreed to construct the parking structure at a price not to exceed \$12,492,000. Competitive bids for construction of the parking structure must be obtained by the Agency, and any bid lower than the Developer's guaranteed price will result in award of the contract to such bidder.

Upon completion of the parking garage, the structure and the site will be leased to the City. The City will sub-lease this property to the Developer, for which the Developer has agreed to pay an annual rental of \$340,000, plus a supplemental payment of \$405,000 per year. In addition, the Developer agrees to pay all costs of maintenance and operation of the garage.

The Financing Program

Net proceeds to be received from the sale of the 1979 Bonds and the Series A Bonds, being offered concurrently, will be used primarily to assemble and clear property comprising the Developer Parcel and Agency Parcel, respectively, pay relocation costs, meet required expenditures for public improvements (principally utility undergrounding and relocation, and perimeter street improvements), and to pay Agency administrative costs during development of the Project. Total costs associated with the current financing program exceed available net proceeds of the two bond issues now being offered, and the Agency plans to pay the costs not covered from bond proceeds from a combination of Federal grants and loans and a short term loan from the City (to be repaid from proceeds from the sale

Table 2

Long Beach Plaza (Developer Parcel) Estimated Public Costs

Property acquisition and related services	\$ 8,549,020 ^①
Relocation costs and related expenses	2,675,000
Demolition and clearance	1,972,500
Public improvements	375,000
Administration	100,000
Total Public Costs	\$13,671,520

^① Based in part on appraisals by Donahue & Co., Inc., Tustin, California and S. M. Dix, Inc., Grand Rapids, Michigan.

Table 3

Long Beach Plaza (Agency Parcel) Estimated Public Costs

Property acquisition and related services	\$ 7,698,264 ^①
Relocation costs and related expenses	2,675,000
Demolition and clearance	2,372,500
Public improvements (including parking garage)	12,867,000
Administration	25,000
Total Public Costs	\$25,637,764

^① Based in part on appraisals by Donahue & Co., Inc., Tustin, California and S. M. Dix, Inc., Grand Rapids, Michigan.

of the Developer Parcel). Preliminary or final approvals have been obtained for the required supplemental funding. Tables 2 and 3 present the Agency's estimates of total public costs applicable to the Developer Parcel and the Agency Parcel (including construction of the parking garage), respectively. Table 3 presents the funding sources to be employed by the Agency to meet such costs. The portion of respective bond proceeds to be applied to such costs is presented in "The Bonds" section of the two official statements.

Table 4

LONG BEACH PLAZA Sources of Capital Funds

Community Development Block Grant (Yr. IV)	\$ 1,100,000
Tax Allocation Bonds, Issue of 1979 ..	3,048,000
Parking Lease Revenue Bonds, Series A and B	8,188,100
Short-term loan from City	4,411,322
Urban Development Action Grant ..	8,000,000
Section 108 Loan ^①	1,446,862
Community Development Block Grant (Yr. V)	4,000,000
Economic Development Administration Title IX grant	7,000,000
Urban Mass Transportation Agency grants	2,115,000
Total Funding for Public Costs ..	\$39,309,284

^① Authorized under Section 108 of the Housing and Community Development Act of 1975, as amended. Repaid from subsequent years' grants.

At present, it is anticipated that the Agency may determine that subsequent costs of the Project (not the Plaza development discussed herein) will necessitate the issuance of bonds on a parity with the Tax Allocation Bonds, Issue of 1979. Such additional bonds may be issued only under the conditions precedent specified in the Resolution authorizing the issuance of the 1979 Bonds. It is not expected that such additional bonds will be issued within twelve months from the date of the 1979 Bonds (May 1, 1979). However, it is anticipated that an additional series of Parking Lease Revenue Bonds will be issued within the next 18 months to assist in financing the construction of the proposed 3,000-space parking garage to serve the Long Beach Plaza and adjacent property. The principal

amount of such Parking Lease Revenue Bonds is presently estimated at approximately \$3,870,000 (including capitalized interest, reserves, and costs of issuance), but the actual amount to be issued will be determined at the time the parking structure is to be constructed.

As previously stated, the parking garage and its site will be leased to the City by the Agency and subleased to the Developer. The lease payment by the City is the primary security for the Parking Lease Revenue Bonds, and the City intends to meet its rental obligation to the Agency from payments by the Developer and from parking meter revenues. The Developer has agreed to make total annual payments of \$745,000 to the City for use of the parking garage. On the basis of historical parking meter revenues received by the City, it is estimated that at least \$200,000 will be available from this source each year (street meters produced more than \$200,000 in each of the last three years before being removed in October of 1977). Re-installation of the meters has been approved by the City Council, and has allocated the annual revenues therefrom to the lease payments to the Agency. The meters will be generating revenues as of May 1, 1979. It is believed that the aggregate payments and revenues to be received by the City from the Developer and parking meters will be sufficient to meet such lease payments. However, the City's obligation to make annual lease payments to the Agency is not dependent upon or subject to receipt of funds from these sources. The City covenants to budget and appropriate sufficient moneys each year to meet its obligation to the Agency from any legally available source of funds.

Environmental Considerations

The Long Beach Downtown Redevelopment Project is subject to the provisions of the California Environmental Quality Act (Public Resources Code, Section 21000 et seq.), and as such an Environmental Impact Report on the Project and particular portions thereof (the Plaza) was prepared, a hearing was held in the City of Long Beach, and the final report was filed with the California Secretary of Resources and certified by the City Council. The most recent certification (of the Final Subsequent Environmental Impact Report) occurred on July 12, 1977. The time permitted for challenging this or previous reports has now expired.

The Developer

As previously stated, the Developer selected for the Long Beach Plaza is the firm of Ernest W. Hahn, Inc., of El Segundo, California. The Hahn organization is a successful developer and operator of regional shopping centers, and is also a major contractor for the construction of such properties and other developments. Ernest W. Hahn, Inc. stated in its third quarterly report for the nine months ended November 30, 1978, that it holds an equity interest in 19 operating regional shopping centers, which it also manages. Another 10 such centers were then under construction, and 25 others were in various planning stages. For the above mentioned three quarters, the firm reported "gross revenues from total operations" of \$113,023,000 (compared with \$87,213,000 for the corresponding 1977 period), "net cash flow from total operations" of \$12,302,000 (compared with \$5,366,000 for the corresponding 1977 period), and "net earnings" after provision for income taxes of \$3,655,000 (compared with \$845,000 for the corresponding 1977 period). Net earnings per share for the nine-month period were \$.76, as compared with \$.18 per share for the corresponding nine-month period in 1977. The preceding information is presented as a summary of certain information published by Ernest W. Hahn, Inc. and any interested parties are referred to the firm's "Third Quarter Report" (for the nine-months ended November 30, 1978) for further details. No representations whatsoever are made herein as to the accuracy or completeness of the information summarized as to the Hahn organization.

Ernest W. Hahn, Inc. has had extensive experience in the development and operation of major shopping centers in redevelopment projects in the State of California. These projects include: Fox Hills Mall, Culver City—a regional shopping center containing 927,000 square feet of gross leasable space which was opened in October of 1975; the Santa Maria TownCenter, Santa Maria—a two department store regional shopping center containing 442,000 square feet of leasable space, (the fully completed center was opened for business on July 1, 1976); the Hawthorne Plaza, Hawthorne—an 840,000 square-foot shopping center with three major department stores that opened on February 21, 1977, on schedule; the Sunnyvale TownCenter, Sunnyvale—a 735,000 square-foot shopping center scheduled to open in the late summer of 1979; the Plaza Pasa-



Long Beach Civic Center and Plaza, located within the Downtown Redevelopment Project.

dena, Pasadena—a 600,000 square-foot center with three majors scheduled to open in the spring of 1980; the Santa Monica Place and Santa Rosa Plaza, both scheduled for opening in the fall of 1980, with 560,000 and 691,000 square-feet of retail area, respectively. In addition, the firm is developing a 722,000 square-foot center in a redevelopment project in Ogden City, Utah. The Hahn organization has entered into Disposition and Development Agreements or exclusive negotiating agreements for the construction of regional or sub-regional shopping centers in other redevelopment projects in California, for which construction has not yet started. Since a major portion of the revenues that will be pledged or applied to the payment of debt service on the bonds now being offered by the Agency will be generated as a direct result of the efforts and

accomplishments of the Developer within a designated portion of the Project, it is believed that the foregoing information pertaining to the Developer is a matter of interest to potential purchasers of these obligations. With this record, it may be expected that the Plaza will be developed in a timely manner and in accordance with the DDA and the First Implementation Agreement thereto.

Ernest W. Hahn, Inc. received an award as “Outstanding Developer of the Year” in 1976, on the basis of a poll taken by *Shopping Center World* of department and chain stores. Specific determinants for the award included the demonstrated ability of the Hahn organization to complete new shopping centers on schedule and to live up to other commitments to prospective tenants.

CITY FINANCIAL DATA

The Bonds are not a debt of the City of Long Beach and the following City financial data are included only for the purpose of providing general information.

Assessed Valuation

The City of Long Beach uses the facilities of Los Angeles County for the assessment and collection of taxes for city purposes. City taxes are assessed and collected at the same times and on the same tax rolls as are county, school, and special district taxes.

The State Board of Equalization reported the 1977/78 Los Angeles County valuations to average 21.3 percent of full value, except for public utility property, which is assessed by the state at 25 percent of full value. County assessment ratios for 1978/79 are not available.

Under California law, two additional types of exemptions were authorized beginning in the tax year 1969/70. The first of these exempts 50 percent of the assessed valuation of business inventories from taxation. The second provides an exemption of

\$1,750 of the assessed valuation of an owner-occupied dwelling for which application has been made to the County Assessor. Under a recently enacted constitutional amendment, the California Legislature can raise this exemption.

Revenue estimated to be lost to local taxing agencies due to such exemptions is reimbursed from state sources. The reimbursement is based upon total taxes due upon these exempt values and therefore is not reduced by any amounts for estimated delinquencies.

Summarized below is the assessed valuation of the City of Long Beach for the most recent five-year period, before provision for the two exemptions described above. Reimbursable exemptions for 1978/79 are as follows: homeowners, \$102,413,045; business inventories, \$126,112,490.

Assessed values for 1978/79 reflect the first-year effects of Proposition 13, now Article XIII A of the California Constitution (see page 6 for the text of such Article).

Tax Rates

Historically, properties in Los Angeles County have been subject to taxation at varying rates by 80 municipalities, including the City, and numerous special purpose districts. Each entity has set its budgeted expenses and then determined, subject to certain legal limitations, the property tax rate to be levied in order to raise sufficient funds. In fiscal year 1977/78 the typical tax rate in the County was

CITY OF LONG BEACH

Assessed Valuations for Revenue Purposes

	1974/75	1975/76	1976/77	1977/78	1978/79
Secured Roll	\$1,032,359,795	\$1,087,975,335	\$1,187,276,215	\$1,343,510,690	\$1,329,589,935
Unsecured Roll	130,372,243	210,226,103 ^②	175,214,242	164,036,184	319,685,741
Utility Roll	112,323,000	119,947,290	127,267,560	142,181,170	146,880,880
	<u>\$1,275,055,038</u>	<u>\$1,418,148,728</u>	<u>\$1,489,758,017</u>	<u>\$1,649,728,044</u>	<u>\$1,796,156,556</u>
Redevelopment Projects ^①	\$ 1,082,545	\$ 1,685,895	\$ 18,819,789	\$ 44,956,414	\$ 48,620,186

^① Property taxes on these incremental assessed valuations are marked for the City's four redevelopment projects (described on page 16), and are not available for general city purposes.

^② Includes \$63,750,000 assessment to Summa Corporation which may be subject to litigation. In this event, any taxes collected may be impounded by the courts.

Source: County Auditor-Controller.

\$13.7861 per \$100 of assessed valuation. Under Article XIII A of the California Constitution (Proposition 13), the maximum tax rate is \$4 per \$100 of assessed valuation, plus such additional amounts as are necessary to cover certain outstanding "indebtedness approved by the voters prior to" July 1, 1978. Each municipal entity must now limit its

appropriations to its available revenues.

In the 1978/79 tax year, the City of Long Beach is not levying a property tax, in accordance with the provisions of Article XIII A, but receives a prescribed portion of the \$4 tax rate levied against all taxable property in the City. A history of City tax since 1974/75 is presented below.

CITY OF LONG BEACH

City Tax Rates

	1974/75	1975/76	1976/77	1977/78	1978/79 ^①
General Government	\$1.62145	\$1.57329	\$1.59673	\$1.55911	\$.15410
Library .....	.19056	.21280	.29018	.27997	.32801
Band .....	.03682	.03791	.03288	.03602	.00223
Recreation .....	.24493	.24391	.24624	.28188	.19053
Transportation .....	.01536	.01662	.01516	.01406	.01629
Total	\$2.01912	\$2.08453	\$2.18119	\$2.17104	\$.69116

^① Equivalent tax rate, in conformance with Proposition 13 (see page 6).

Source: City Department of Financial Management.

There are 77 tax rate areas in the City of Long Beach. Total 1978/79 tax rates per \$100 assessed valuation in these various areas range from \$4.1186 to \$5.5515.

The City's largest tax rate area in assessed valua-

tion is Tax Rate Area 5500 (1978/79 assessed valuation \$1,651,477,990 all rolls). All tax rates per \$100 assessed valuation in this tax rate area for the past five years are presented in the following tabulation.

CITY OF LONG BEACH

Total Tax Rates

Tax Rate Area 5500

	1974/75	1975/76	1976/77	1977/78	1978/79 ^①
County	\$ 4.3544	\$ 4.5185	\$ 4.4576	\$ 4.2544	\$4.0111
Schools	5.2817	5.4336	5.4001	5.2136	.0075
Special Districts .....	.6879	.6921	.6687	.6731	.2894
City	2.1091	2.0845	2.1812	2.1710	—
Total Rate	\$12.4331	\$12.7827	\$12.7076	\$12.3121	\$4.3080

^① See discussion of Proposition 13 page 6. Tax rates include levies to pay "indebtedness approved by the voters," in conformance with provisions of Proposition 13.

Source: County Auditor-Controller.

Secured Tax Levies and Delinquencies

Secured property taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Taxes on unsecured property are levied and payable on March 1 each year, and

become delinquent on August 31.

The following tabulation presents a six-year summary of the City's secured tax levies and delinquencies. Levies and delinquencies are for city taxes only. For the six-year period, the average annual rate of current year delinquency was 1.17 percent.

Secured City Tax Levies and Delinquencies

Fiscal Year	Secured Tax Levy	Delinquent June 30	Percent Delinquent
1972/73	\$18,475,877	\$170,218	0.92%
1973/74	18,078,795	195,559	1.08
1974/75	21,141,794	297,680	1.41
1975/76	22,129,869	252,317	1.14
1976/77	25,677,799	270,023	1.05
1977/78	29,340,787	412,958	1.41

Source: County Auditor-Controller.

Largest Taxpayer

No single taxpayer accounts for five percent of the City's total assessed valuation. The largest taxpayer is McDonnell Douglas Corporation, which had a 1977/78 net assessed valuation of \$53,528,269 (the latest information available), or slightly less than three percent of the City's net taxable assessed valuation.

As described in a later section of this Official Statement, the Douglas Aircraft Co., a unit of McDonnell Douglas, manufactures commercial aircraft, and has been established in Long Beach for over 35 years. The McDonnell Douglas Automation Co. also has operations in Long Beach. The McDonnell Douglas Corporation is headquartered in St. Louis, Missouri.

Financial Records

Accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. Operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance, revenues and expenditures.

The modified accrual basis of accounting is followed for the General Fund, Special Revenue Funds, Debt Service Fund, Bond Construction Fund, and Internal Service Funds. Under this method, expenditures (other than interest on long-term debt) are recorded when the liability is incurred and revenues are recorded when received in cash unless susceptible to accrual. The accrual basis of accounting is utilized for Enterprise, Harbor and Tideland Oil Revenue Funds (except for the Airport and Golf Funds).

The encumbrance method of accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of applicable appropriations, is not used. Such commitments are provided for during the annual budget process as carried over commitments.

Financial Statements

Accompanying financial statements were developed from City records. Certain information such as Fund Balances, Revenues, Expenditures and Transfers of Tax Supported Funds and the Tax Supported Fund cash flow analyses were developed by City staff for use in this official statement. In

fiscal 1978/79, the City adopted various accounting changes in order to improve its budgeting and financial reports and to conform its accounting policies and reporting to generally accepted accounting principles for municipalities. The Budget for fiscal year 1978/79 has been prepared in accordance with these changes. No revision of earlier budgets or financial statements, including those contained in this official statement, has been made in light of the time and expense involved.

The following financial statements reflect transactions and balances in the City's tax-supported funds (general purpose, library, band, recreation, and transportation). Table 5 provides a five-year history of revenues, expenditures, transfers, and fund balances in the named funds. Table 6 reflects their combined balances at June 30, 1977 and June 30, 1978. Table 7 presents the City's 1978/79 budget for the combined funds.

On June 30, 1978 the City Council of Long Beach adopted a balanced budget (all funds) for the fiscal year 1978/79. In order to achieve a balanced budget the City Council approved a number of revenue adjustments in the form of increasing fees for such items as business licenses, golf green use, refuse collection, overload permit, lot cleaning charges, and miscellaneous animal control services, in keeping with the City Council's on-going policy that City services should be self-sustaining. In addition to the fee increases, the City eliminated 500 positions from its overall work force. The reductions were largely confined to legislative, legal and support services, recreation, library, human resources, health and community development. City management feels that these reductions will not jeopardize the current quality of life now experienced in Long Beach.

Pension Plans

Since July 1950 the City has contracted with the State Public Employees Retirement System (PERS) for retirement coverage. The retirement plan, as amended, allows simultaneous coverage of eligible employees under PERS and Social Security with the exception that police and fire safety personnel are exempt from Social Security. For miscellaneous members, contribution rates to PERS are 18.487% for the City and 7.00% for employees as of July 1, 1978. For safety members, contribution rates are 30.201% for the City and 9.00% for employees.

The Retirement Law requires the Board of Administration to have an investigation made of the System's experience at intervals of not more than four years and to have an actuarial valuation made of its assets and liabilities taking that experience into consideration. The last actuarial valuation was completed in Spring, 1978 and the July 1, 1978 rates reflect the increase necessitated by such valuation.

The City has "depooled" status with the system, and thus the City account is handled as a separate entity within the overall PERS system. The City's unfunded liability at July 1, 1977 was reported at \$131,771,958 for miscellaneous members and at \$75,750,201 for safety members. The City's current contributions of \$13,964,200 include an adjusted contribution rate to amortize unfunded liabilities by July 1, 2000.

The City has 221 fire and 208 police retired personnel receiving retirement pension benefits pursuant to Section 187 of the City Charter prior to its repeal. Additionally, there are 24 employees working who will be entitled to receive future retirement benefits under Section 187. Benefits are generally 50% of the annual salary of the rank or position held one year prior to the date of retirement. Benefits are then determined by applying the percentage times the current salary attached to that position. The City appropriates sufficient funds to cover its obligation for this plan each year. Pension payments totalled \$5,438,259 during 1977-78. The unfunded liability of the plan has not been determined.

The State Public Employees' Retirement System (PERS) was originally established in 1931. As of June 30, 1977, there were 556,759 members, of whom approximately 10% are classified as "safety" members (principally fire and police duties) and the balance are classified as "miscellaneous" members (management, administrative, staff, operational and clerical employees).

Approximately one-third of the members are state personnel and the balance are public agency personnel. As of June 30, 1977, the System provided retirement, death and survivor benefits under 979 contracts for 2,078 public agency employers (cities, counties, school districts, special districts and other public bodies) with 374,051 members. The System's funding is by employer and employee contributions together with investment income. Contributions fluctuate yearly depending on the number of members and their respective salary schedules.

Table 5

CITY OF LONG BEACH

Revenues, Expenditures, Transfers, and Fund Balances

Tax Supported Funds

	1973/74	1974/75	1975/76	1976/77	1977/78
FUND BALANCES JULY 1 ...	\$ 6,757,494	\$ 7,373,316	\$ 7,871,585	\$ 5,885,636	\$ 2,065,752
ADD:					
REVENUES AND					
TRANSFERS:					
Property taxes	\$19,938,218	\$23,128,402	\$24,581,707	\$ 27,766,315	\$ 31,739,511
Other taxes	18,763,167	21,875,838	22,716,920	23,534,796	26,524,347
Licenses and permits	1,599,332	1,708,320	2,556,804	2,808,865	3,395,646
From other agencies	9,108,860	11,551,051	12,466,122	12,978,315	13,906,185
Charges for services	4,233,229	4,579,841	4,858,757	5,385,807	8,096,470
Fines and forfeitures	2,138,568	1,978,958	2,610,347	2,696,814	2,779,141
Other revenues	2,806,252	3,694,000	5,792,562	5,114,491	2,774,030
Total revenues	\$58,587,626	\$68,516,410	\$75,583,219	\$ 80,285,403	\$ 89,215,330
Interfund transfers/reim-					
bursements	\$12,627,733	\$15,070,901	\$16,303,786	\$ 18,362,444	\$ 23,315,435
Adjustments (Intrafunds) ...	(717,179)	(824,587)	(893,570)	(847,261)	(1,323,033)
Total transfers	\$11,910,554	\$14,246,314	\$15,410,216	\$ 17,515,183	\$ 21,992,402
Total Revenues and transfers	\$70,498,180	\$82,762,724	\$90,993,435	\$ 97,800,586	\$111,207,732
DEDUCT:					
EXPENDITURES AND					
TRANSFERS:					
Legislative and legal	\$ 1,658,693	\$ 2,138,219	\$ 2,207,796	\$ 2,696,283	\$ 3,323,128
General government	1,674,316	1,934,803	3,323,394	7,834,187	6,873,913
Public safety	24,386,434	27,676,678	44,711,194	47,295,856	51,812,420
Public health	1,264,972	1,430,164	3,106,656	3,382,045	2,439,316
Community and cultural					
services	6,448,601	7,332,665	9,445,543	10,722,762	10,106,030
Public works	18,135,242	20,662,335	26,714,377	28,627,887	30,441,518
Other services	14,236,357	16,105,858	2,932,752	227,583	231,300
Capital projects	83,754	3,110,185 ^①	—	—	—
Total expenditures	\$67,888,369	\$80,390,907	\$92,441,712	\$100,786,603	\$105,227,625
Interfund transfers/					
reimbursements	\$ 2,711,168	\$ 2,698,135	\$ 1,431,242	\$ 1,681,128	\$ 1,323,033
Adjustments (Intrafunds) ..	(717,179)	(824,587)	(893,570)	(847,261)	(1,323,033)
Total transfers	\$ 1,993,989	\$ 1,873,548	\$ 537,672	\$ 833,067	—
Total expenditures and					
transfers	\$69,882,358	\$82,264,455	\$92,979,384	\$101,620,470	\$105,227,625
FUND BALANCES JUNE 30 ..	\$ 7,373,316	\$ 7,871,585	\$ 5,885,636	\$ 2,065,752	\$ 8,045,859

① The Long Beach Redevelopment Agency issued \$9,485,000 of Tax Revenue Allocation Bonds in 1965 in connection with the West Beach Project, the bonds to be redeemed through tax increment revenues. Due to delays in the project development, tax increment revenues were insufficient to meet the redemption due date on Series A bonds. The City loaned the Agency \$3,100,000 on February 3, 1975 to redeem the matured Series A bonds. Subsequently, the decision was made to write off the \$3,100,000 loan, effective in the 1974/75 fiscal year.

Source: City Department of Financial Management.

Table 6

CITY OF LONG BEACH

Combined Balance Sheets

Tax Supported Funds

	June 30, 1977	June 30, 1978
ASSETS		
Current Assets:		
Cash	\$4,374,922	\$ 9,020,784
Accounts receivable (net)	15,260	1,063,905
Due from other agencies	625,557	581,637
Due from other funds	94,875	361,486
Inventories	808,547	861,441
Deferred charges	3,582	—
Total Current Assets	\$5,922,743	\$11,843,647
Other Assets:		
Advance to Redevelopment Agency	3,100,000	3,100,000
Allowance for Uncollectibles	(3,100,000)	(3,100,000)
Total Assets	\$5,922,743	\$11,843,647
LIABILITIES AND FUND BALANCES		
Current Liabilities:		
Accounts and wages payable	\$3,762,149	\$ 3,769,164
Due to other funds	94,842	—
Collection held in trust	—	28,624
Total Current Liabilities	\$3,856,991	\$ 3,797,788
FUND BALANCES		
Committed to:		
Cash funds/inventories	\$ 818,412	\$ 877,606
Restricted Funds (cash basis fund)	1,279,229	1,283,785
Encumbrances	1,185,792	—
Uncommitted	(1,217,681)	5,884,468
Total Fund Balances	\$2,065,752	\$ 8,045,859
Total Liabilities and Fund Balances	\$5,922,743	\$11,843,647

Source: City Department of Financial Management.

Table 7
CITY OF LONG BEACH BUDGET
Tax Supported Funds
Fiscal Year 1978/79

	Budget 1978/79
Fund Balances July 1, 1978	\$ 8,045,859
ADD: REVENUES AND TRANSFERS:	
Property taxes	\$ 9,812,309
Other taxes	28,416,310
Licenses and permits	5,241,340
From other agencies	23,008,372
Capital grants/revenues	17,165,248
Charges for services	8,148,158
Fines and forfeitures	4,000,000
Other revenues	2,500,578
Total Revenues	\$ 98,292,315
Interfund transfers/ reimbursements	27,711,700
Adjustments (intrafunds)	(2,408,063)
Total Transfers	\$ 25,303,637
Total Revenues and Transfers	\$123,595,952
DEDUCT: EXPENDITURES AND TRANSFERS:	
Legislative and legal	\$ 3,935,467
General government	7,663,596
Public safety	58,075,736
Public health	3,120,803
Community and cultural services .	10,550,938
Public works	27,790,059
Other services	—
Capital projects	19,786,797
Total Expenditures	\$130,923,396
Interfund transfers/ reimbursements	2,408,063
Adjustments (intrafunds)	(2,408,063)
Total Transfers	\$ —
Total Expenditures and Transfers ..	\$130,923,396
Fund Balances June 30, 1979	\$ 718,145

Source: City Department of Financial Management.

Note: The City states that due to the imposition of expenditure controls by City administrative action during the current fiscal year, plus certain revenue sources which generated income in excess of budget estimates, the projected Tax Supported Fund Balances at June 30, 1979 are estimated at approximately \$9,300,000 instead of the amount of \$718,145 presented in this Table 7.

Total assets of the System at June 30, 1977 were \$8,951,294,831 according to the annual audit. Of this amount, net assets of \$8,755,875,035 were available for benefits.

The annual contribution by employers for the 1976/77 fiscal year was \$718,363,062. The annual contribution by employees for the 1976/77 fiscal year was \$312,725,614.

The most recent actuarial valuation, performed by PERS, utilized census date as of June 30, 1976. The total unfunded obligation of the System was determined to be \$6,868,665. The method used was entry-age-normal cost, which is a projected benefit cost method wherein level employer normal cost rates, considering present member contributions, are calculated at amounts sufficient to fund benefits over the entire service life of members.

Except for the pooling of certain miscellaneous public agency members, actuarial evaluations are performed for each participating employer, and the total accrued liability noted above is the sum of the individual employer accounts. According to the PERS annual report, public agency employer contribution rates set forth between each agency and PERS will meet all ongoing costs and fund the unfunded liability for each agency in accordance with the terms of each agency's contract.

The System's financial statements are prepared on an accrual basis of accounting and the System's auditor is Touche Ross & Co., San Francisco, California. Citicorp Investment Management, Inc., San Francisco, provides investment advisory services. The System's actuarial activities are conducted internally on a continuous basis, with an experience analysis being required no less than every four years under the Retirement Law. Management Applied Programming, Inc., Los Angeles, California is reviewing the June 30, 1977 actuarial valuation prepared by the PERS staff.

Vacation, Earned Time and Sick Leave

Effective July 1, 1978 the City commenced accruing vacation, earned time and sick leave and transferring the estimated amount to an employees' benefit reserve fund. Prior to that date it had been the City's policy to expense such items only when taken or paid. The amount of vacation and earned time, if not used by the employee, is payable upon separation of service. It has been the City's experience that most vacation and earned time is taken each year by City employees. Sick leave payable

upon retiring from City service may be converted to service credits or continue health insurance coverage under the City's health insurance program. As of June 30, 1978 the aggregate amount of sick leave owed to City employees, primarily for periods prior to fiscal year 1977/78, was approximately \$21 million.

Employer/Employee Relations

The City recognizes various certified employee organizations, the principal ones being the City Employees' Association, Police Officers Association and Fire Fighters Association which represent over 90% of all City employees in a variety of classifications. The employees are covered by negotiated three-year agreements expiring on June 30, 1980, which provide for annual salary increases from 5-5.75% for each of the three years. The City reports that there has been no major work stoppage by City employees in the past five years. Although recent State legislation provides the City with \$7.8 million from the State surplus, the legislation also prohibits City employees from receiving a cost-of-living increase. A lawsuit challenging the legality of this legislation was upheld in the California Supreme Court. The City has followed the practice of reserving the anticipated expense for employee salary increases previously agreed upon, and has placed the necessary funds in a separate account.

Lease Obligations

The City's annual lease obligations of \$3,662,505 are composed of the following:

- (1) Annual base rental of \$2,636,755 to the City of Long Beach-Los Angeles County Civic

Center Authority for lease of the new City Hall and Main Library facilities, terminating in the year 2006, or such earlier time as all obligations of the Authority are discharged.

- (2) Annual base rental of \$1,025,750 to the Parking Authority of the City of Long Beach for lease of a multi-level parking structure in conjunction with the Pacific Terrace Center (Auditorium-Exhibit Hall Complex), terminating in the year 2001, or such earlier time as all obligations in connection with the bonds have been discharged.

Insurance Coverage

As of March 5, 1979, general and special insurance coverage amounting to more than \$242 million provided protection for the City against property damage, theft, personal injury, and other contingencies. The insurance portfolio is well diversified, and includes the nation's leading insurance carriers. All policies were current as of the above date.

Bonded Indebtedness

As of March 31, 1979, the City of Long Beach has general obligation bonds outstanding issued for various municipal purposes amounting to \$6,500,000, revenue bonds in the amount of \$27,390,000, and lease revenue bonds of \$46,745,000, as shown in the summary on page 36. The City of Long Beach has never defaulted on the payment of principal or interest on any of its obligations.

A statement of the City's direct and overlapping debt as of May 8, 1979 is presented on page 35.

CITY OF LONG BEACH

Statement of Direct and Estimated Overlapping Bonded Debt

Population	344,200 ^①	
1978/79 Assessed Valuation	\$1,796,156,556	
Estimated Market Value	\$7,184,626,224 ^②	

Entity	Percent Applicable ^③	Debt Applicable May 8, 1979 ^④
Los Angeles County	5.552%	\$ 679,620
Los Angeles County Building Authorities	5.552	11,944,428
Los Angeles County Flood Control District	5.116	21,654,323
Metropolitan Water District	3.378	17,466,996
County Sanitation District No. 3	85.738	600,166
County Sanitation District No. 19	33.236	885,739
Long Beach Unified School District	87.009	665,618
Paramount Unified School District	11.475	79,177
Other School, High School and Community College Districts	Various	417,098
City of Long Beach	100.	6,075,000
City of Long Beach Building Authorities	100.	53,210,000
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT		\$113,678,165
Less: City water bonds (100% self supporting)		1,550,000
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT ..		\$112,128,165

	Ratio to		
	1978/79 Assessed Valuation	Estimated Market Value	Per Capita
1979 Assessed Valuation	—%	25. %	\$5,218
Gross Total Debt	6.33	1.58	330
Net Total Debt	6.24	1.56	326
Gross Direct Debt	3.30	.83	172
Net Direct Debt	3.21	.80	168

① State Department of Finance, as of January 1, 1978.

② Based on current assessment ratios of 25% of full value.

③ Source: California Municipal Statistics, Inc., San Francisco, California, (only as to percent and amount of debt applicable as of May 8, 1979).

④ Excludes share of Los Angeles County Lease Purchase Obligations, and the Tax Allocation Bonds currently being offered. Includes Parking Lease Revenue Bonds, Series A, now being offered for sale.

City's Share of Authorized and Unsold Bonds:		City's Share of State School Building Aid Repayable	
Metropolitan Water District (GO's) ..	\$12,329,700	as of 9/30/78:	
Los Angeles County Flood Control		\$420,837	
District	1,614,098		
Los Angeles County Hospital	2,220,800		

CITY OF LONG BEACH
Bonded Indebtedness

Type of Bond	Authorized	Issued	Final Maturity	Outstanding March 31, 1979
General Obligation:				
Improvements	\$12,525,000	\$12,525,000	1983	\$ 4,275,000
Water	3,600,000	3,600,000	1983	1,550,000
Fire	1,275,000	1,275,000	1987	675,000
Total General Obligation Bonds				\$ 6,500,000
Revenue Bonds:				
Harbor	\$30,000,000	\$30,000,000	1991	\$24,320,000 ^①
Gas	3,850,000	3,850,000	1994	3,070,000
Total Revenue Bonds				\$27,390,000
Lease Revenue Bonds:				
Civic Center	\$36,000,000	\$36,000,000	2006	\$35,070,000
Parking Authority	11,500,000	11,500,000	2001	11,675,000 ^②
Total Lease Revenue Bonds				\$46,745,000

① Does not include \$21,900,000 Harbor Revenue Refunding Bonds issued November 1972, to refund \$21,250,000 Harbor Revenue Bonds on May 15, 1980.

② Does not include refunding issue of \$9,850,000 held in escrow. Refunding issue in 1976/77 increased debt but reduced debt service costs by \$1.45 million over the life of the debt.

Source: City of Long Beach Financial Management Department.

THE CITY

The City of Long Beach encompasses approximately 50 square miles of land area on the southern coast of Los Angeles County. The city center is 22 miles south of downtown Los Angeles, 450 miles south of San Francisco and 110 miles north of San Diego. For many years Long Beach has been noted as a major industrial, oil producing and beach resort area of Southern California. Long Beach is the second largest city in Los Angeles County and the fifth largest in California.

The Port of Long Beach and a number of large Federal installations impart strength to the local economy. The City has been successful in building a substantial tourist and convention business and is taking vigorous steps to augment this source of tax revenues. The City's climate is mild, with temperatures ranging from an average of 54 degrees in January to 72 degrees in July. Precipitation averages 10.25 inches per year.

Municipal Government

The City was originally incorporated in 1888, and after a short period of disincorporation, reincorporated on December 13, 1897. Since 1907 Long Beach has been governed as a charter city, the present charter having been adopted in 1921.

Long Beach operates under the council-manager form of government, with a nine-member City Council. Councilmen are nominated and elected by district to serve four-year terms. The mayor and vice mayor are elected by the council from among its members. Other elective offices are City Attorney, City Auditor, and City Prosecutor.

The City Manager is appointed by and serves at the pleasure of the City Council. As administrative head of municipal government, he is responsible for the efficient administration of all departments, except the elective offices noted above and three semi-autonomous commission—the Civil Service Commission, Board of Water Commissioners, and Board of Harbor Commissioners. Functions of city govern-

ment are carried out by approximately 4,100 permanent employees within 14 departments.

The police department consists of 620 uniformed officers and 329 supporting personnel. The fire department consists of 22 fire stations housing 3 fire boats, 3 aircraft fire units, a foam unit, 4 aerial ladder trucks, 5 paramedic units, and 18 pumpers, operated by a total complement of more than 400 firefighters. In 1973 the Department was awarded a "Class 1" rating for providing excellent fire protection to the Community.

The City of Long Beach-Los Angeles County Civic Center Authority sold \$36,000,000 of revenue bonds in August 1973 to finance construction of a new 14-story City Hall and a new Main Library, and to acquire the existing 488-space underground Lincoln Park Garage. These structures, now occupied, are integrated elements of the new Civic Center located in a downtown super-block. The new buildings are designed to blend with the existing Long Beach Public Safety Building and the Los Angeles County Courts Building in a park theme of multi-level open space.

The city's Enterprise Funds (Water, Gas, Airport, and Golf), represent assets of more than \$120 million. In the 1977/78 fiscal year, these municipal enterprises generated operating revenues exceeding \$56 million.

In 1931 a charter amendment was passed creating the Board of Water Commissioners and authorizing the City to join the Metropolitan Water District of Southern California. These decisions guaranteed an adequate water supply for the City.

Within the framework of the city's General Plan, orderly growth and development of the community is controlled by a three-step planning and budgetary process utilizing the following instruments: the Annual Budget, the Five-Year Capital Improvement Program, and the Long Range Financial Plan. The latter looks forward 15 years.

Population and Social Characteristics

The City's January 1, 1978 population is estimated at 344,200 by the State Department of Finance. Although this is a nominal increase over the same date of 1977, it represents a decline from the 1970 decennial census, occasioned by the closing of certain operations at the Naval Base in 1975. The above population estimate is approximately the same as the figure reported for the City in the 1960 Federal Census.

U.S. Census tabulations since 1940 are shown below. Additional 1970 Census data for the City, Los Angeles County and the State of California are presented at the bottom of the page.

CITY OF LONG BEACH

U.S. Census Data

Year	Population	Percent Gain
1940	164,271	—
1950	250,767	52.7
1960	344,168	37.2
1970	358,879	4.3

As indicated, population growth rate was greatest during the World War II period and immediately thereafter. Since 1960 population has been generally stable. The projected rate of growth continues to show a stable to moderately increasing trend. It would be almost impossible for an area so heavily populated as Long Beach to sustain the growth rates of the postwar period. Population stability and expansion of employment opportunities, nevertheless, assure orderly and controllable growth for the City.

There were 159,550 housing units in the City at January 1, 1978, according to the County Regional

Planning Department. This is 9,417 more than the number reported in the 1970 Census of Housing. Of the current total housing stock, 54 percent are single or duplex units, 45 percent are multiple units, and the remainder are mobile homes.

The median value of owner-occupied homes in the City in the 1970 Census of Housing was \$23,000, compared with a statewide median of \$23,100 and \$24,300 throughout Los Angeles County. In 1978, the average value of residential building permits, exclusive of land, was \$47,729 for single family units and \$30,149 for multiple units.

Personal Income

Residents of the City have a per capita income level above the county, state and national averages. The annual Survey of Buying Power (Sales Management) reported per capita effective buying income for 1977 to be \$7,209 for City residents, compared to \$6,922 in the County, \$6,650 in California, and \$5,986 in the United States. Over 44 percent of all Long Beach households realize annual incomes of \$15,000 or more. This survey reported the median age of all City residents to be 34.4 years, compared with 31.6 in the City of Los Angeles and a county-wide figure of 30.8 years.

Social characteristics of City residents as reported in the 1970 Federal Census are shown below.

1970 Census—Social Characteristics

City, County, and State

	City of Long Beach	Los Angeles County	State of California
Population	358,879	7,041,980	19,953,134
Percent under 18 years of age	24.5%	32.1%	33.3%
Percent 62 years and older	16.9%	11.6%	11.2%
Median age	32.7	29.2	28.1
Average income	\$10,282	\$10,972	\$10,732
Per capita income	3,983	3,884	3,632
Education (persons 25 years and older):			
Median school years completed	12.4	12.4	12.4
Percent high school graduates	62.5%	62.0%	62.6%
Married status (14 years and older):			
Single	23.4%	25.3%	25.3%
Married	58.8%	60.6%	62.4%
Widowed	10.1%	7.5%	6.8%
Divorced	7.7%	6.6%	5.5%
Persons per household	2.40	2.83	2.95

Source: U.S. Bureau of Census.

Employment

As of January 1976 (latest estimate available for the City), approximately 147,000 persons were employed within the City of Long Beach, according to estimates by the State Department of Employment Development.

Over 22 percent of all employed persons in Long Beach are in manufacturing. The next largest sources of employment are government, services, and retail trade, as shown in the accompanying tabulation.

LONG BEACH LABOR MARKET

Employment By Industry, January 1976

Industry	Employment	Percent of Total
Construction	4,500	3.0%
Manufacturing	33,000	22.4
Transportation, Utilities ...	10,000	6.8
Retail Trade	23,800	16.2
Wholesale Trade	7,000	4.8
Finance, Insurance, Real Estate	6,900	4.7
Services	29,000	19.7
Government	30,000	20.4
Other	2,800	2.0
Total	147,000	100.0

Source: State Department of Employment Development.

Approximately 60 percent of the employed residents of Long Beach work in the City, based on findings of the 1970 Federal Census. Others commute to jobs throughout Los Angeles and Orange Counties.

The largest single employer in Long Beach is the Douglas Aircraft Company, a unit of the McDonnell Douglas Corporation. This company is described more fully in the section entitled "Industry". Several large federal facilities provide the basis for substantial employment in the government category. Among these are Long Beach Naval Shipyard and the Veterans' Hospital.

Two utilities, General Telephone Company of California and Southern California Edison Company, have a combined employment of over 1,800 in the city. Other large non-manufacturing employers in the community are Long Beach Unified School

District, City of Long Beach, and California State University, Long Beach. A list of major employers in the City appears on page 40.

The California Department of Employment Development compiles monthly data on the status of employment and unemployment in the Los Angeles-Long Beach Labor Market (Los Angeles County). As an integral part of the Los Angeles Metropolitan Area, Long Beach benefits from the wide variety of job opportunities available in neighboring communities of Los Angeles County. The efficient freeway grid enhances employment mobility over a wide area.

As of December 1978, 3,369,000 residents of this labor market were employed and 198,000 were unemployed. The unadjusted unemployment rate of 5.5% compares with an unemployment rate of 7.1% in December 1977. Seasonally adjusted unemployment rates are not available. Total wage and salary employment increased by 168,300 jobs between December 1977 and December 1978, with the largest gains in durable goods manufacturing.

For the year 1977, there were 3,212,500 non-farm jobs available in the Los Angeles-Long Beach Labor Market. Over 25 percent of these jobs were in manufacturing and about 23 percent were in wholesale and retail trade. Other principal sources of employment are services and government. The fastest growing categories of nonfarm employment during the 1973-77 period were services, government, and retail trades. As noted above, durable goods employment rebounded strongly during 1978.

A summary of labor force data and nonfarm employment by industry category since 1973 in the Los Angeles-Long Beach Labor Market is shown on page 40.

McDonnell Douglas Corporation, the parent organization, employs over 25,000 persons in Southern California. Douglas Aircraft Company, headquartered in Long Beach, employs over 18,000, with 16,500 at the Long Beach plant. Douglas Aircraft Co. also has plants at Torrance, Lomita, Palmdale and Compton. McDonnell Douglas Astronautics Co. maintains headquarters at nearby Huntington Beach, where it employs 5,000, and operates additional plants at Sacramento and Vandenberg Air Force Base in Santa Barbara County.

Douglas Aircraft Co. has delivered more than 840 DC-9s and over 230 DC-10s to customers around the world.

CITY OF LONG BEACH
Major Employers, 500 or More Employees

Organization	Product/Service	No. of Employees
McDonnell Douglas, Corp.	Commercial aircraft	16,500
U.S. Navy	Long Beach Naval Shipyard	7,600
City of Long Beach	Municipal Government	4,100
Long Beach Unified School District	Education	4,478
Veterans Administration Medical Center	Medical care	3,950
California State University, Long Beach	Education	3,300
Memorial Hospital Medical Center	Medical care	2,769
Pacific Maritime Association	Marine cargo handling	2,346
Bauer Hospital/St. Mary Medical Center	Medical care	1,600
Robertshaw Control Co.	Residential, industrial controls	1,362
General Telephone Co. of California	Utility	1,185
Long Beach Community Hospital	Medical care	950
Knight-Ridder Newspapers	Publisher	775
Sully-Miller Contracting Co.	Engineering contractors	700
Buffums Inc.	Department stores	700
Southern California Edison Co.	Utility	650
Bank of America	Commercial bank	565
Pacific Hospital	Medical care	540
Procter & Gamble	Soaps, oils, shortenings	518
Pacific Valves (Mark Controls Corp.)	Valves for energy industries	500

Source: City Community Development Department and Long Beach Chamber of Commerce.

LOS ANGELES—LONG BEACH LABOR MARKET

Labor Force, Employment and Unemployment

Annual Averages (000)

	1973	1974	1975	1976	1977
Employed	2,880	2,962	2,935	2,991	3,086
Unemployed	201	215	315	290	267
Total Work Force①	3,081	3,177	3,250	3,281	3,353
Unemployment rate	6.5%	6.8%	9.7%	8.8%	8.0%
Wage and Salary Workers:②					
Mining	10.5	10.9	11.2	11.2	11.3
Contract construction	107.8	105.5	95.8	95.7	99.1
Manufacturing					
Durable goods	556.9	557.7	510.3	520.3	535.7
Non-durable goods	264.1	266.7	256.5	269.6	277.1
Transportation, communications and utilities	177.3	177.2	170.7	173.5	177.2
Trade					
Wholesale	209.3	218.8	216.5	225.6	235.2
Retail	471.7	473.7	474.2	488.0	506.5
Finance, insurance and real estate	184.1	186.6	184.3	188.4	196.2
Services and miscellaneous	603.8	618.6	626.9	654.9	688.9
Government	442.1	458.0	478.1	480.0	485.3
Total Employment	3,027.6	3,073.7	3,024.5	3,107.2	3,212.5

① Based on place of residence.

② Based on place of work. Many non residents commute to work in the County from neighboring counties.

Source: State Department of Employment Development.

Industry

Long Beach is an important component of the Los Angeles County industrial complex, the largest concentration of major industrial firms in the western United States. As is true throughout the county, the aircraft/aerospace products group is the most important single industrial category in the Long Beach area. Other important industries include shipbuilding, petroleum products, chemicals, fabricated metals, food and kindred products.

The U.S. Census Bureau, in its 1975 Survey of Manufacturers, reported that 15,400 Long Beach production workers were paid wages of \$178,200,000 during the year, and created Value Added by Manufacture of \$1,097,900,000. Industry shipments were valued at \$2,303,100,000.

As stated earlier, the largest employer in Long Beach is the Douglas Aircraft Co. plant located on a 424-acre site at the Long Beach Airport. With a covered area in excess of 6.7 million square feet, the plant is utilized in the production of DC-9 and DC-10 commercial jetliners.

The Grayson Controls Division of Robershaw Controls Company employs approximately 1,400 persons at Long Beach in the production of water heating and central heating controls.

Other major manufacturers in Long Beach include Petrolane, a producer of liquefied petroleum gas and other products; Pacific Valves Inc.; Byron Jackson, Inc., a division of Borg-Warner Corp., maker of oil field equipment; Procter and Gamble, soap and shortening specialties; and National Can Co., a container manufacturer. Local operations of Monsanto, B.F. Goodrich, Smith International, Johns-Manville, Reliance Electric, Teledyne, Stauffer Chemical, Tenneco, Pet Foods, and U.S. Steel add to the City's industrial base.

Military Installations

Military installations in Long Beach are of substantial benefit to the City's economy in that they directly create civilian jobs and develop requirements for local commercial and industrial services.

U.S. Navy facilities include the Long Beach Naval Shipyard, Supply Center and Naval Support Activity, located adjacent to the Port of Long Beach. As of July 1978 the Terminal Island Naval Complex employed approximately 5,100 military and 7,569 civilian personnel, while the Naval Hospital

provided jobs for 325 military and 375 civilian personnel. Twenty ships and two afloat unit commanders are based in Long Beach.

Other military installations include U.S. Coast Guard facilities and the Veterans Administration Hospital. Long Beach is the headquarters of the 11th Coast Guard District. Coast Guard employment totaled 1,411 military personnel and 90 civilians as of July 1978. Approximately 4,000 civilians were employed by the Veterans Administration Hospital as of the same date.

Commercial Activity

Retail sales activity in Long Beach is centered at several large department stores in the Central Business District, and at three large outlying shopping centers—Lakewood Shopping Center (165 acres, 116 stores), Los Cerritos Center (95 acres, 128 stores), and Westminster Mall (93 acres, 132 stores).

As part of the City's Downtown Redevelopment Plan, a planned regional shopping center known as Long Beach Plaza is to be developed by the Ernest W. Hahn organization within six city blocks bounded by Third Street, Pine Avenue, Sixth Street, and Long Beach Boulevard. It encompasses 22 acres. Featuring a two-level enclosed mall, the Long Beach Plaza will have more than 600,000 square feet of commercial floor space, parking for 3,000 cars, and approximately 120 retail and service establishments. Anchor tenants are Buffums', Montgomery Ward, and J.C. Penney Co. department stores. The multipurpose complex will also include restaurants and recreational facilities. The project will cost an estimated \$100 million. Construction is expected to begin in early 1980. This development is more fully discussed elsewhere in this official statement.

During 1977, taxable retail sales in the City increased over 11 percent from 1976, and total taxable sales increased more than 19 percent. For the first nine months of 1978 (latest data available) taxable sales totaled \$1,009,366,000 indicating a substantial annual increase over 1977. The summary on page 42 shows annual volume of taxable transactions since 1974.

Construction

The City issued building permits valued at over \$380 million during the five-year period ending in 1978. Of this total dollar volume, about 59 percent

consisted of non-residential construction, predominately new commercial valuation. Residential permits approved during this period represented 3,197 housing units. Over 77 percent were in multi-family structures. Annual permit values since 1974 are summarized in the tabulation on page 43. Some of the larger permits awarded by the City in 1978 are also listed on page 43.

In recent years, large construction projects in the City have included facilities at the Long Beach Convention and Entertainment Center, the 16-story Union Bank Building, the new 14-story City Hall (with adjoining Main Library), and the 96,960 square foot California State College and University Headquarters building near Oceangate.

In order to meet increasing demands for public services in the Long Beach area, the State of California plans to build a major office structure of approximately 155,000 square feet on Broadway across from the Civic Center Complex. The cost is estimated in excess of \$10 million, with construction expected to begin in July 1979.

Over the next few years, construction activity will

be intensified in the Downtown Redevelopment Project area, comprising 421 acres. Major subareas of the Plan are the Central Business District, the Bluff area immediately to the south of the commercial core, and the Tidelands area along the oceanfront.

Home Savings and Loan Association has broken ground for a 107,000 square foot regional headquarters building valued at \$8 million at the northwest corner of Ocean Boulevard and Long Beach Boulevard, within this Downtown Redevelopment Project area. Under the Plan, proposals have been received for construction of the previously discussed regional shopping center, a specialty retail center, two office/commercial complexes and three high-rise condominium projects.

There are several major residential developments underway within the City of Long Beach. Marina Pacifica, the largest, consists of approximately 1,500 condominium units and supporting commercial development along the City's southeastern shoreline. The first phase of the project is completed. An additional 2,900 living units are planned for development in the area.

CITY OF LONG BEACH

Taxable Transactions

(Thousands of Dollars)

Type of Business	1974	1975	1976	1977	1978 (9 Mos.)
Apparel stores	\$ 27,615	\$ 29,443	\$ 30,345	\$ 33,077	\$ 25,635
General merchandise stores	81,511	80,519	87,063	92,335	63,970
Drug stores	21,200	23,462	24,733	25,724	19,852
Food stores	54,057	59,708	65,694	73,885	59,628
Packaged liquor stores	30,687	30,106	32,887	34,633	26,894
Eating and drinking places	106,777	114,916	122,455	138,037	119,703
Home furnishings and appliances ...	34,703	33,556	35,304	39,434	30,852
Building materials and farm implements	51,623	47,350	54,374	63,806	49,969
Auto dealers and auto supplies	130,708	147,180	178,428	206,360	179,764
Service stations	178,009	-7,926①	86,469	89,705	106,785
Other retail stores	77,837	81,385	89,863	100,191	78,385
Retail Stores Totals	\$ 794,727	\$636,699	\$ 807,615	\$ 897,187	\$ 761,437
All other outlets	257,960	329,438	193,238	297,013	247,929
Total All Outlets	\$1,052,687	\$969,137	\$1,000,853	\$1,194,200	\$1,009,366

① Adjustment for misallocations of prior-period sales tax.

Source: State Board of Equalization.

CITY OF LONG BEACH
Building Permit Valuations
(Thousands of Dollars)

	1974	1975	1976	1977	1978
Value:					
Residential	\$17,296	\$29,222	\$23,241	\$41,885	\$44,738
New commercial	58,628	6,088	13,126	5,798	20,305
New industrial	6,759	1,639	2,223	12,494	2,575
Other non-residential	13,353	29,164	16,036	18,306	17,739
Total	\$96,036	\$66,113	\$54,626	\$78,483	\$85,357
Number of residential units:					
Single	31	109	125	318	144
Multiple	388	628	286	504	664
Total	419	737	411	822	808

Source: *California Construction Trends*, Security Pacific Bank.

CITY OF LONG BEACH
Large Building Permits 1978

Project	Owner/Builder	Amount
Office Building	Hartley Medical	\$1,211,000
Pump Station	City of Long Beach	1,100,069
Stores	Specialty Restaurant	500,000
Apartments (90)	Langslet & Son	4,404,669
Apartments (42)	Shapell Govt. Housing	756,852
Public Works	Port of Long Beach	550,000
Apartments (32)	Guy Gagnon	691,845
Condominiums (18)	Wildcraft Development	707,856
Senior Center	City of Long Beach	750,800
Crane Beam	City of Long Beach	1,163,000
Apartments (39)	Bob Labayne	1,210,955
Motel	Holiday Inn	1,225,000
Office Building	Birtcher Pacific	616,938
Office Building	National Medical Enterprises	1,088,000
Process Heater	Monsanto Co.	600,000
Apartments (18)	BPS Development	941,799
Parking Garage	Columbia Medical Bldg.	949,693
Office Building	IDM Corp.	1,037,608
Office Building	Home Savings & Loan	6,500,000
Office Building	Stonatio Development	600,000
3-4 Unit Dwellings (20)	Gary Peters Development	553,399
Condominiums (18)	S & S Construction	1,224,620
Building—YMCA	CMP Gen. Contractors	1,368,500
Gymnasium	City of Long Beach	500,000

Source: *California Construction Trends*, Security Pacific Bank.

Redevelopment

The Redevelopment Agency of the City of Long Beach was established in 1961 to carry out the West Beach Project and other civic improvements. In addition to West Beach, redevelopment projects now include Long Beach Poly High, Downtown, and the West Long Beach Industrial Redevelopment Projects. The four projects have a combined 1978/79 assessed valuation in excess of \$144 million.

The West Beach Project (Oceangate) is a 21-acre office/commercial complex located in close proximity to the Long Beach Convention Center. A 16-story commercial office building housing the regional headquarters of Union Bank, a Wells Fargo Bank office complex, and a shopping mall containing 49,000 square feet have been completed. Norris Industries, Inc. has constructed a building to house corporate headquarters at the site. Slightly more than five acres remain to be developed at Oceangate, for which several development proposals are currently being reviewed by the Agency. The project is being carried out without federal assistance.

Long Beach Poly High is a neighborhood redevelopment project. It involves the 87 acre area from Pacific Coast Highway to Anaheim Street, between Atlantic and California Avenues. The project's primary objectives are to remove the structures in this blighted area and replace them with improved housing for low and moderate-income families. The plan also calls for construction of an Early Childhood Development Center and a new commercial development. The Poly High Redevelopment Project was

initially funded under the Federal Categorical Neighborhood Development Program, and is currently being financed by a Federal block grant under the Housing and Community Development Act of 1974. As of June 30, 1978, total project costs were \$9,791,245. The Redevelopment Agency expects the Poly High Project to be completed by June 30, 1980.

The Downtown Redevelopment Project first appeared on the tax rolls as of the 1974/75 tax year. Features of this Project were discussed in a preceding section of this official statement.

The West Long Beach Industrial Development Project (Westside) also came on the tax rolls in 1976/77. It has been initiated to expand and improve the City's industrial base. The project area encompasses 1,350 acres of industrial land between two freeways, and south of Pacific Coast Highway to Ocean Boulevard, including a portion of the Port of Long Beach. This project is inactive at the present time, due to the legal action previously discussed.

Visitor and Convention Business

Tourism has long been a significant factor in the City's economy. Boating facilities, marinas, sport fishing, shops, and eight miles of public beaches annually attract thousands of visitors to Long Beach. Other recreational facilities and attractions include the *Queen Mary*, Mary's Gate English Village, Community Playhouse, Civic Light Opera, Municipal Band, Symphony Orchestra, the Sports Arena,



View of development completed to date in the West Beach Redevelopment Project, adjacent to the Downtown Redevelopment Project.



The Long Beach Arena, Convention Center and Entertainment Center in the Pacific Terrace Center, located within the Downtown Redevelopment Project. In the distance is the Queen Mary and a portion of the Port of Long Beach.

Terrace Theater, Center Theater, the Belmont Plaza Pool, and the Long Beach Grand Prix.

The City has fostered development of convention business by expanding convention facilities and encouraging private sector participation. Trade shows, conventions, athletic contests and other events are held at the Long Beach Convention and Entertainment Center, described in the following section of this official statement.

During 1977/78, the City hosted 146 conventions, shows and events attended by 113,110 delegates, with total estimated delegate expenditures of \$15,300,000. Hotel/motel occupancy tax (6%) receipts for the 1977/78 fiscal year were \$814,962, an increase of more than 20 percent over 1976/77 tax receipts. Following is a record of conventions and delegate attendance since 1970.

Fiscal Year (June 30)	Number of Conventions	Number of Delegates
1970	49	68,900
1971	64	95,000
1972	70	117,000
1973	126	111,000
1974	168	114,000
1975	134	99,000
1976	141	94,000
1977	143	68,735
1978	146	113,110

Source: Long Beach Convention and News Bureau.

Downtown Long Beach Tidelands Development

The City's tourist and convention industry was vitalized considerably with the opening of the Long Beach Convention and Entertainment Center in January, 1978. Previously known as the Pacific Terrace Center, the complex is one of the world's largest and provides outstanding convention, trade show, and meeting room facilities, as well as facilities for major entertainment and cultural events.

The \$51.5 million development is linked to the existing Arena and includes a 100,000 square foot Exhibition Hall, the 3,141-seat Terrace Theater, the 862-seat Center Theater, 22 major meeting rooms, and parking for 4,000 cars. The project is being financed from lease revenue bonds, gas utility revenue bonds, and Tidelands Oil revenues.

The air-conditioned Arena seats 15,000 for concerts or conventions, 11,600 for basketball and hockey. It annually hosts an indoor rodeo, the Ringling Brothers' circus, home basketball games of Long Beach State University and the Ice Capades.

The Arena can be reduced to two-thirds and one-half house seating by utilizing a movable floor-to-ceiling drapery. When used in conjunction with the Exhibition Hall, the Arena gives exhibitors and trade show managers in excess of 178,000 square feet of exhibit space. The Exhibition Hall features a movable partition which divides its 100,000 gross square feet of unobstructed space into areas of 70,000 and 30,000 square feet, or equal areas of 50,000 square feet. The ceiling is 25 feet high and contains all

utilities, providing complete flexibility in booth layout. Easy move-in and move-out is made possible by a gigantic sliding door 132 feet wide and 25 feet high.

A \$34 million Convention Hotel of 542 rooms is planned adjacent to the Exhibition Hall, with construction scheduled to begin in 1980 if all arrangements for the proposed development are successfully concluded. Completion of this facility in 1981 is planned to coincide with development of the Shoreline Aquatic Park, a recreational outlet for citizens and tourists of all ages. The 50-acre site will include a children's play area, recreational vehicle facility, picnic area, and a small boat-rental concession. The park is located south of Shoreline Drive on raised elevation land fill. The cost is estimated at \$4 million. Linking Aquatic Park with other developments will be an elevated 35-foot wide boardwalk running down Pine Avenue from Ocean Boulevard. This \$2.6 million boardwalk will permit shoppers, conventioners and tourists convenient access to all downtown and shoreline facilities. All environmental approvals have been received for the proposed Convention Hotel, including approval of the State Lands Commission and the California Coastal Commission.

A Fisherman's Village restaurant and commercial area is planned for south of Shoreline Drive, east of the Aquatic Park site. This complex will include a five-acre harbor area to be developed with 132 slips. Construction will begin in 1980 for completion in 1982. Cost is estimated at \$4 million.

East of Fisherman's Village the City will construct a \$21 million, 1,660-slip Downtown Marina. The Marina will include slips ranging from 30 to 60

feet, user parking spaces, public paths, bikeways, and fishing areas. Completion of the Marina will be accomplished by 1982, with financing being derived from the sale of revenue bonds and a state loan.

The foregoing Downtown Tidelands Development will complement long range plans for downtown redevelopment by increasing the utility as well as attractiveness of the shoreline. With the exception of the proposed Marina, all of this development is located in the Downtown Redevelopment Project discussed elsewhere herein.

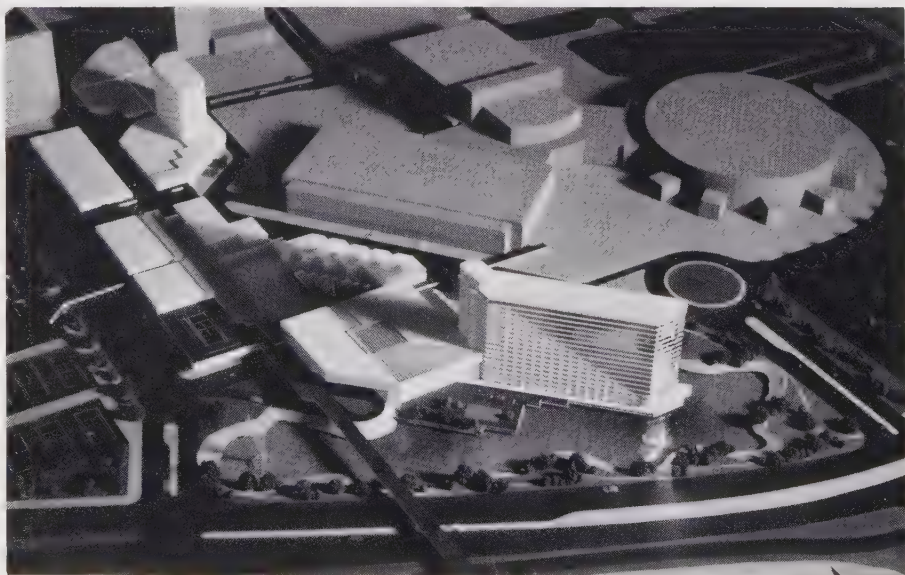
Queen Mary

The Queen Mary was opened to the public in 1971 and provides the City with another unique visitor and tourist attraction. The six-deck Living Sea Museum is the only facility of its kind in the world. The Queen Mary features three major restaurants, three fast food service facilities and about 40 specialty shops. There is a Hyatt Hotel aboard the ship with 403 rooms.

Effective July 1, 1978, control and jurisdiction over the Queen Mary, including adjacent land and water areas, was transferred to the Board of Harbor Commissioners. A special tideland trust fund was established (Queen Mary Fund) in connection with the transfer.

Mary's Gate English Village, a shopping village consisting of 40 shops and restaurants of old English style architecture, opened on a land site adjacent to the ship in May 1974. The village, which includes an English pub, was constructed at a cost of \$2 million.

Model of the proposed Convention Hotel in the Pacific Terrace Center of the Downtown Redevelopment Project. Beyond the hotel are the existing Pacific Terrace Center public facilities. Negotiations are currently in progress with hotel developers and operators.



The Queensway Hilton, located on 18.8 waterfront acres west of the Queen Mary, is a development uniquely designed to afford 85 percent of the rooms with ocean views. Phase one of 200 rooms is now complete and open. A marina with an undetermined number of boat slips is also proposed as part of the development.

To further enhance the City's convention and tourist industry, a Cruise Ship Terminal is under consideration for construction on the east side of Pier J. If built, the facility will be integrated with the marina complex and will serve cruise ships sailing the South Pacific and Mexican ports of call.

Grand Prix

Formula 5000 cars raced through city streets and along the shoreline during the Long Beach Grand Prix in September 1975. The race, the first to be run on city streets in this country in 50 years, was in preparation for the March 27, 1976, United States Grand Prix West Formula 1. Long Beach again hosted the Grand Prix West for Formula 1 cars in 1977, 1978, and 1979.

Petroleum Production

The Wilmington Oil Field, second largest in the United States, traverses Long Beach. Since 1936 the City has developed publicly owned mineral rights on a lease basis. Basically these leases are divided into two categories: Upland Properties, the revenues of which are solely owned by the City, and Tidelands Properties, administered by the City, the revenues of which are shared by both the City of Long Beach and the State of California. Operation of the tidelands is carried out by three contractors—Long Beach Oil Development Company, Powerline Oil Company, and Thums Long Beach Company. All were selected by competitive bidding. "Thums" is an acronym for Texaco, Humble (now Exxon), Union, Mobil, and Shell.

According to the California Resources Agency, production of the Wilmington Field in the 1978 fiscal year was an estimated 49.4 million barrels, with the tidelands accounting for approximately 63% of the field total. Tidelands operations over the years have produced over 900 million barrels of oil, and generated more than \$1 billion in revenues to finance schools and water projects throughout the state.

In 1977/78 the City realized revenues of \$27,170,442 from tidelands operations and \$3,120,236 from the uplands area. Decreased reve-

nues are due largely to the gravity pricing differential imposed by the Federal Energy Administration on local crude oil. Both houses of the State Legislature, the Governor, and the California Congressional delegation have called for elimination of this differential.

The U.S. Energy Research and Development Administration has awarded Long Beach a \$3.5 million grant for a pilot demonstration of tertiary oil recovery.

City oil and gas revenues have gone into numerous public projects including the Port of Long Beach, a \$14 million public marina and Belmont Plaza, which was the site of the 1968 Olympic swimming and diving trials. Most recently, oil revenues have been used for the purchase and conversion of the Queen Mary into a maritime museum and the development of the Long Beach Convention and Entertainment Center.

Transportation

Industry, business and residents alike benefit from the excellent transportation network available in Long Beach. Water, rail, air and highway facilities are highly developed throughout the area.

The San Diego Freeway (I-405), the San Gabriel River Freeway (I-605), the Long Beach Freeway, and the Riverside Freeway traverse the City, in addition to State Highways 1, 22, 214, and 19. This efficient highway grid places Los Angeles and Los Angeles International Airport within 30 minutes driving time.

The Long Beach Public Transportation Company was incorporated in 1963 as a non-profit corporation with all capital shares held by the City of Long Beach. Since that time, the company has provided transit service to the City and surrounding areas. The company's operations are locally supported through the Transportation Fund of the City of Long Beach. Interurban bus service is provided by the Southern California Rapid Transit District. Pacific Greyhound and Continental Trailways serve long distance travel needs from 24-hour terminals in the area.

Rail transportation is provided to the Long Beach area by three major transcontinental railroads: Atchison, Topeka and Santa Fe, Southern Pacific, and Union Pacific. Reciprocal switching is available among all lines.

Motor freight is handled by 79 truck lines and 4,700 for-hire carriers for intrastate and interstate shipments. Overnight delivery is available to San Francisco, San Diego and Phoenix.

The Port of Long Beach is owned by the City and operated by the Harbor Department, which was created by amendment to the City Charter in 1931. Functioning primarily as a landlord, the Port leases or assigns most docks, wharves, transit sheds and terminals to shipping or terminal companies and other private firms for actual operation of these facilities. The complete 11.5 acre Harbor District is one of the most versatile shipping installations in the nation. The Port of Long Beach ranks as the West Coast's busiest port in terms of tonnage handled.

Cargo tonnage handled by the Long Beach Harbor Department established new records for the fiscal year ended June 30, 1978, totaling 32,753,171 tons with a value exceeding \$6 billion. Containerized cargo has registered dramatic gains in recent years. The Port's 225-acre container complex is serviced by 12 high speed gantry cranes at the Port's four deep-water container terminals. All 68 berths are within one to three miles of the open ocean via a 700-foot wide, 60-foot deep main channel. With assets in excess of \$250 million the Port is a major factor in the local economy.

The City also owns and operates the Long Beach Airport, which annually places among the ten most active airports in the nation. The airport is equipped with the latest electronic navigational aids and has five runways varying from 4,200 to 10,000 feet in length.

Aircraft operation is coordinated by the Federal Aviation Administration, which controls the movement of all aircraft. The FAA has a 54-man staff which operates the tower and navigation facilities on a 24-hour basis. The modern system of control complexes includes: Airport Surveillance Radar, High Intensity Approach Lights, Runway Visual Range, Direction Finding, Instrument Landing System, VHF, UHF and other radio communications equipment. The National Weather Service offers 24-hour pilot briefing. PSA schedules nine flights daily to San Francisco, Oakland, San Jose, and Sacramento. Three commuter airlines also serve the airport.

There are 120 industrial tenants on the 1,283-acre airport site, ranging from one-man operations to the giant McDonnell Douglas aircraft plant.

Additional air transportation facilities for passengers and freight are available at Los Angeles International Airport and Orange County Airport, both within a 30-minute drive from central Long Beach via freeway.

Long Beach Airport and Port of Long Beach

Year	Long Beach Airport ^①		Port of Long Beach
	Number of Passengers	Tons of Air Cargo	Tonnage
1972	584,000	700	21,990,798
1973	479,000	2,100	26,195,071
1974	610,000	650	29,785,731
1975	644,000	2,150	27,675,888
1976	686,000	3,100	29,378,454
1977	648,000	1,700	32,753,171

① For fiscal years 1972/73 through 1977/78.

Sources: Long Beach Airport; Port of Long Beach.

Utilities

Utility services in the City are provided by the following:

Electricity—Southern California Edison Company; Gas—Long Beach Gas Department; Telephone—General Telephone Company and Pacific Telephone Company; Water—Long Beach Water Department; and Sewer—City of Long Beach.

Education

Long Beach is served by five unified school districts. Most of the City is within the Long Beach Unified School District which provides primary and secondary educational instruction for approximately 59,000 students. The district is considered to be one of the finest in the nation in terms of finance, administration and the scholastic record of its students.

The district operates 55 elementary, 14 junior high, one junior-senior high school, five high schools, one continuation high school, and one guidance-opportunity school.

Post secondary education is available at Long Beach City College, a tax-supported two-year institution administered by the Long Beach Community College District. In addition to the lower division college program, extensive adult education and trade school facilities are offered. Current total enrollment exceeds 31,000 including nearly 6,000 full-time students.

California State University, Long Beach is located on a 320-acre site in the eastern portion of Long Beach on land donated by the City. Opened in 1949 as Los Angeles-Orange County State College, the institution has been given university status and has

the largest attendance in the State University and College system with a current enrollment of approximately 33,000. A distinguished educational program at this university offers 62 undergraduate and 50 graduate degree majors.

Enrollment in the above educational systems for the past five years is presented below:

Year	Long Beach Unified School District	Long Beach City College	California State University, Long Beach
1973/74	61,765	25,800	30,457
1974/75	59,890	28,417	30,953
1975/76	59,271	32,241	32,389
1976/77	58,232	31,065	31,800
1977/78	59,455	31,691	32,992

Source: Data furnished by each school system.

Other prestigious degree institutions in Los Angeles and Orange Counties include the University of California at Los Angeles, the University of California at Irvine, California Institute of Technology in Pasadena, University of Southern California, and the Claremont Colleges.

Long Beach is the permanent headquarters location for the 19-campus California State University and College System. The trustees of the state system accepted a 6.4-acre site in the western part of Long Beach offered by the City. A three-story office building of approximately 100,000 square feet was completed in late 1976 at a cost of \$5.2 million.

Long Beach has become a center for companies and institutions engaged in the exploration of the ocean and the development of its resources. In 1972, the Trustees of the California State University and College system officially designated the Long Beach shoreline as the site for the creation of an Ocean Studies Center, an ocean science and technology education and research center to be operated as a consortium of six California State Colleges in Los Angeles and Orange Counties. The date for start of construction of the \$50 million Center has not been announced.

Community Facilities

Long Beach has eight general hospitals, a Navy Hospital, a Veterans Administration Hospital and 75 rest homes. Approximately 675 physicians/surgeons, 225 dentists, and 140 other medical specialists practice in the community.

Supplementing the City's Main Library in the Civic Center are 12 branch libraries. In the City are

two newspapers, 59 radio stations, seven VHF and six UHF TV channels received and a TV cable system.

The Long Beach Recreation Department coordinates and maintains municipal and school recreational services, including 24 community centers, 6 day camp areas; 51 ball fields, a mountain camp, 27 park playgrounds, 35 tennis courts, 4 youth clubs, and 4 swimming pools, including the Belmont Plaza Pool, an indoor-outdoor facility of Olympic size. The Municipal Band, Sailing Center, Performing Arts, and Marine Stadium also come under this department.

The Park Department maintains 43 parks totaling 1,620 acres, beautified areas totaling 203 acres, and over 55 miles of traffic islands. El Dorado Park, comprising 703 acres, preserves land for recreation which might otherwise have been used for subdivisions or other private purposes. Originally farmland, the flat treeless terrain was converted into rolling parkland by moving and contouring over 2 million cubic yards of soil, extensive tree planting and creating 40 surface-acres of lakes. El Dorado has been opened in phases, beginning in 1958 when the first 285 acres were made available to the public. A 75-acre Nature Center is part of the complex.

The Park Department operates four golf courses in the City. The Virginia Country Club course is private.

The City Marine Department has responsibility for the control and safeguarding of all recreational activities in the City's water areas, shores and beaches. Included are the \$14 million Long Beach Marina with a capacity of 2,000 boat slips and a waiting list of over 10,000. Covering 150 acres of what was formerly mud flats, the application of Tideland revenues and engineering knowledge changed wasteland area to one of the largest municipally owned and operated small-boat marinas in the world. The Marina consistently generates an annual surplus for other uses by the Marine Department.

The Long Beach Convention and Entertainment Center, previously mentioned, stages productions of the Long Beach Symphony Association, Long Beach Grand Opera, Long Beach Symphony Chorus, Long Beach Civic Light Opera Association, the Theatre Festival, and the Community Concert Association. The Long Beach Community Playhouse is well-known for the excellence of its productions. It recently celebrated its fiftieth anniversary.

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APPENDIX I

FINANCIAL REPORT
of
THE REDEVELOPMENT AGENCY
of the
CITY of LONG BEACH, CALIFORNIA



For the Periods Ending June 30, 1978
with
Report of the City Auditor

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OFFICE OF THE CITY AUDITOR
CITY HALL
LONG BEACH, CALIFORNIA 90802
(213) 590-6751

ROBERT E. FRONKE, CPA
CITY AUDITOR

February 28, 1979

State of California
Department of Housing and Community Development

Honorable Mayor and City Council
Citizens of Long Beach, California
Members of the Redevelopment Agency
City of Long Beach, California

This report is to present the results of our audit of the financial statements of the projects of the Redevelopment Agency of the City of Long Beach, California, as required by Section 33080.1 of the Health and Safety Code of the State of California. This code requires that redevelopment agencies administer the planning, development, redesign, clearance, reconstruction, or rehabilitation of a specifically determined blighted area, which includes provision for residential, commercial, industrial and public structures as may be appropriate in the public interest.

The objectives of our examination were to review, test and report upon the financial statements of the projects of the Redevelopment Agency. Accordingly, we have performed an examination of these financial statements for the periods ended June 30, 1978. Our work did not constitute an audit of financial statements prepared by the City of Long Beach, other than the statements presented in the accompanying exhibits.

Details concerning the scope of audit, the results of audit and the discussion of audit results with agency officials are presented in the following referenced attachments:

Financial Activities - Attachment 1

Accountant's Report

- Exhibit A - Combined Balance Sheet at June 30, 1978
- Exhibit B - Long Beach Downtown Redevelopment Project Statement of Cumulative Net Project Costs to June 30, 1978

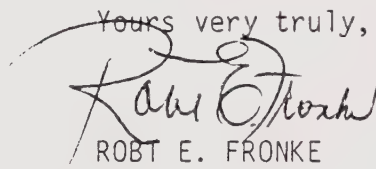
- Exhibit C - West Long Beach Industrial Redevelopment Project Statement of Cumulative Net Project Costs to June 30, 1978
- Exhibit D - Poly High Neighborhood Project Statement of Cumulative Project Costs for the Community Development Block Grant to June 30, 1978
- Exhibit E - West Beach Redevelopment Project Statement of Cumulative Net Project Costs to June 30, 1978
- Exhibit F - West Beach Redevelopment Project Statement of Changes in Restricted Fiscal Agent Fund Balances for the Year Ended June 30, 1978

Notes to Financial Statements

Results of Discussion of Audit Findings and Conclusions with City and Agency Officials - Attachment 2

The report is intended for use in connection with the projects to which it refers and should not be used for any other purpose.

Yours very truly,



ROBT E. FRONKE
City Auditor

REF:aoh

FINANCIAL ACTIVITIES


ACCOUNTANT'S REPORT

We have examined the balance sheets of the projects of the Redevelopment Agency of the City of Long Beach, California at June 30, 1978, and the related statements of net project costs and changes in restricted fiscal agent fund balances (where applicable) for the periods then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of the West Beach Redevelopment Project, which statements reflect total assets constituting \$9,673,521 of the related combined total of \$15,811,731. These statements were examined by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it related to the amounts included for the West Beach Redevelopment Project, is based solely upon the report of the other auditors.

As discussed in note B to the financial statements, the Redevelopment Agency is a defendant in various litigations involving certain redevelopment projects. The ultimate outcome of these lawsuits cannot presently be determined by legal counsel, and no provision has been made in the financial statements for the effect, if any, of such litigations.

As more fully described in note C in the accompanying financial statements, the passage of Proposition 13 in the State of California will result in the reduction of tax increment revenues received by the projects. The effect of such reduction on the ability of the projects to retire outstanding bonds at their maturity date and other indebtedness is not determinable at this time.

In our opinion, based upon our examination and the report of other auditors, and subject to the effects, if any, on the financial statements of the ultimate resolution of the matters discussed in the preceding two paragraphs, the aforementioned financial statements present fairly the financial position of the various projects of the Redevelopment Agency of the City of Long Beach, California at June 30, 1978, and the results of operations for the periods then ended, in conformity with generally accepted accounting principles applied on a consistent basis.



ROBT E. FRONKE
City Auditor
City of Long Beach

Redevelopment Agency of the City of Long Beach, California
Combined Balance Sheet
June 30, 1978

Exhibit A

ASSETS	Downtown Redevelopment Project (Note E)	West Long Beach Industrial Redevelopment Project (Note F)	Poly High Neighborhood Project (Note G)	West Beach Redevelopment Project (Note H)	Total
Cash in Bank	\$ 59,541	\$ 25,782	\$ (2,386)	\$ 16,520	\$ 99,457
Downtown Redevelopment Trust Fund	30,000				30,000
General Deposit Trust Fund - Land Acquisition		657,121			657,121
General Deposit Trust Fund - Tax Increment Monies		4,788,074			4,788,074
Accounts Receivable - City of Long Beach			9,969		9,969
Interest Receivable				21,801	21,801
Investments at Cost: U. S. Treasury Bills				98,428	98,428
Certificate of Deposit				618,218	618,218
Deposits with Los Angeles County Superior Court in Eminent Domain Actions	335,607				335,607
Net Project Costs (Note D)	908,318	(5,388,474)	4,714,658	8,918,554	9,153,056
TOTAL ASSETS	\$1,333,466	\$ 82,503	\$4,722,241	\$9,673,521	\$15,811,731
<u>LIABILITIES AND FUND BALANCE</u>					
Accounts Payable	\$ 26,180	\$ 82,503	\$ 11,792		\$ 120,475
Accrued Bond Interest				\$ 65,082	65,082
Due to City of Long Beach:					
Advances	594,935		4,368,184	2,028,502	6,991,621
Deferred Charges	346,744		342,265		689,009
Notes Payable				3,100,000	3,100,000
Advance from Home Savings & Loan Assn. - Land Acquisition	335,607				335,607
Bonds Payable				3,905,000	3,905,000
Good Faith Deposit	30,000				30,000
Fund Balances Restricted for Future Interest and Debt Payments				574,937	574,937
TOTAL LIABILITIES AND FUND BALANCE	\$1,333,466	\$ 82,503	\$4,722,241	\$9,673,521	\$15,811,731

The accompanying notes to financial statements are an integral part of this statement.

Redevelopment Agency of the City of Long Beach, California
Long Beach Downtown Redevelopment Project
Statement of Cumulative Net Project Costs
To June 30, 1978

Exhibit B

	Total as of 6-30-77	Year Ended 6-30-78	Total as of 6-30-78
<u>Expenditures</u>			
Legal - General	\$ 38,676	\$ 31,179	\$ 69,855
Legal - Litigation Fees	--	10,310	10,310
Fiscal Consultant	14,048	10,430	24,478
Total Professional and Consulting	52,724	51,919	104,643
Non-Personal Operating Expenses	36,418	12,320	48,738
Wages and Benefits	188,977	126,917	315,894
Project Area Committee	1,375	714	2,089
Interest Expense	--	47,158	47,158
Planning Costs	19,779	18,764	38,543
Appraisal and Other Acquisition Expenses	17,335	158,793	176,128
Relocation Payments	52,305	86,553	138,858
Operation of Acquired Property	39,871	--	39,871
Insurance Expenses	--	2,576	2,576
Project Improvements	--	1,414	1,414
Total Project Costs	408,784	507,128	915,912
<u>Revenues (Note D)</u>			
Rental Income	(2,594)	--	(2,594)
Miscellaneous Income	(5,000)	--	(5,000)
Total Project Revenues	(7,594)	--	(7,594)
Net Project Costs	\$401,190	\$507,128	\$908,318

The accompanying notes to financial statements are an integral part of this statement.

Redevelopment Agency of the City of Long Beach, California
West Long Beach Industrial Redevelopment Project
Statement of Cumulative Net Project Costs
To June 30, 1978

Exhibit C

	Total as of June 30, 1977	Year Ended June 30, 1978	Total as of June 30, 1978
<u>Expenditures</u>			
Legal - General	\$ 57,093	\$ 8,653	\$ 65,746
Legal - Litigation Fees	66,015	38,247	104,262
Fiscal Consultant	12,613	3,030	15,643
Total Professional and Consulting	135,721	49,930	185,651
Non-Personal Operating Expenses	22,741	7,694	30,435
Wages and Benefits	83,720	79,941	163,661
Project Area Committee	42,768	35,885	78,653
Interest Expense	--	24,480	24,480
Real Estate Purchases	--	459,697	459,697
Planning Costs	2,801	22,540	25,341
Appraisal and Other Acquisition Expenses	--	38,122	38,122
Public Improvements	--	274,694	274,694
Relocation Payments	--	62,306	62,306
Operation of Acquired Property	--	804	804
Insurance Expenses	--	2,577	2,577
Total Project Costs	287,751	1,058,670	1,346,421
<u>Revenues (Note D)</u>			
Tax Increment Revenue	(97,241)	(6,400,685)	(6,497,926)
Interest Income	--	(230,327)	(230,327)
Rental Income	--	(6,642)	(6,642)
Total Project Revenues	(97,241)	(6,637,654)	(6,734,895)
Net Project Costs	\$190,510	\$(5,578,984)	\$(5,388,474)

The accompanying notes to financial statements
are an integral part of this statement.

Redevelopment Agency of the City of Long Beach, California
Poly High Neighborhood Project
Statement of Cumulative Project Costs for
the Community Development Block Grant
To June 30, 1978

Exhibit D

	Total April 1, 1976 to March 31, 1977	Total April 1, 1977 to June 30, 1978	Total as of June 30, 1978
<u>Expenditures</u>			
Acquisition of Real Property	\$ 844,518	\$1,858,763	\$2,703,281
Public Works, Facilities and Site Improvements	17,452	124,270	141,722
Site Clearance, Demolition and Rehabilitation	30,613	63,318	93,931
Rehabilitation Loans and Grants	7,236	--	7,236
Disposition of Real Property	25,436	41,100	66,536
Completion of NDP Project	--	208,083	208,083
Relocation Payments and Assistance	221,642	610,632	832,274
Administration	361,948	299,647	661,595
Total Project Costs	<u>\$1,508,845</u>	<u>\$3,205,813</u>	<u>\$4,714,658</u>

The accompanying notes to financial statements are
an integral part of this statement.

Redevelopment Agency of the City of Long Beach, California
West Beach Redevelopment Project
Statement of Cumulative Net Project Costs
To June 30, 1978

Exhibit E

	Jan. 22, 1965 to June 30, 1977	Year Ended June 30, 1978	Total as of June 30, 1978
<u>Expenditures</u>			
Bond Issuance Costs	\$ 50,680	\$ --	\$ 50,680
Legal Expense	38,969	188	39,157
Bond Interest Expense (Transfers to Reserve Fund):			
Series "A" Bonds	1,219,311	--	1,219,311
Series "B" Bonds	1,940,557	--	1,940,557
	<u>3,159,868</u>	<u>--</u>	<u>3,159,868</u>
Real Estate Acquisition Costs:			
Direct	5,399,172	--	5,399,172
Condemnation	311,780	--	311,780
Appraisals	28,133	--	28,133
Negotiation Costs	26,114	--	26,114
Title Costs	10,345	--	10,345
Sundry	34,197	--	34,197
	<u>5,809,741</u>	<u>--</u>	<u>5,809,741</u>
Site Clearing and Operating Costs:			
Utilities	6,826	--	6,826
Insurance	15,534	--	15,534
Property Management	15,482	--	15,482
Fiscal Agent and Bank Costs	25,745	1,730	27,475
Site Clearance	259,490	--	259,490
Sundry	13,113	--	13,113
Operating Income	(15,561)	--	(15,561)
Other Income	(14,681)	--	(14,681)
	<u>305,948</u>	<u>1,730</u>	<u>307,678</u>
Relocation Costs	<u>120,053</u>	<u>--</u>	<u>120,053</u>
Disposition Costs:			
Appraisals	4,611	4,445	9,056
Commissions and Fees	173,923	--	173,923
Sundry	78,421	9,249	87,670
	<u>256,955</u>	<u>13,694</u>	<u>270,649</u>

	Jan. 22, 1965 to June 30, 1977	Year Ended June 30, 1978	Total as of June 30, 1978
<hr/>			
Costs Paid and Advanced by City (Note H1):			
Payroll Costs	257,678	20,985	278,663
Payroll Burden	26,981	633	27,614
Administrative Overhead	7,129	733	7,862
Services by City Departments	214,280	20,741	235,021
Advances for Consultant Fees	76,500	--	76,500
Property Acquisition	150,113	--	150,113
Property Rent	9,665	--	9,665
Public Improvements	185,899	--	185,899
Interest Charges	885,222	171,943	1,057,165
	<hr/>		
Total Project Costs	1,813,467	215,035	2,028,502
<hr/>			
Revenues (Note D)			
Interest	(895,029)	(6,688)	(901,717)
Payment of Bonds by Other Funds	(418,912)	(1,480,000)	(1,898,912)
Accrued Interest on Bonds Sold	(57,903)	--	(57,903)
Premium on Bonds Sold	(9,242)	--	(9,242)
	<hr/>		
Total Project Revenues	(1,381,086)	(1,486,688)	(2,867,774)
	<hr/>		
Net Project Costs	\$10,174,595	\$(1,256,041)	\$8,918,554
	<hr/> <hr/>		

The accompanying notes to financial statements are an integral part of this statement.

Redevelopment Agency of the City of Long Beach, California
West Beach Redevelopment Project
Statement of Changes in Restricted Fiscal Agent Fund Balances
Year Ended June 30, 1978

Exhibit F

	Reserve Fund (Note H2a)	Disposition Proceeds Fund (Note H2b)	Special Fund (Note H2c)	Total
Fund Balance at June 30, 1977	\$475,850	\$524,353	\$ 645,997	\$1,646,200
Additions:				
Investment Income	12,741	1,696	23,567	38,004
Tax Revenues	--	--	447,323	447,323
Transfers from Other Funds	--	--	38,277	38,277
	<u>488,591</u>	<u>526,049</u>	<u>1,155,164</u>	<u>2,169,804</u>
Reductions:				
Interest Expense	(4,583)	(45,430)	(121,323)	(171,336)
Redemption of Bonds, Net of Discount	(256,047)	(480,619)	(648,588)	(1,385,254)
Transfers to Other Funds	(38,277)	--	--	(38,277)
	<u>(298,907)</u>	<u>(526,049)</u>	<u>(769,911)</u>	<u>(1,594,867)</u>
Fund Balance at June 30, 1978	<u>\$189,684</u>	<u>\$ --</u>	<u>\$ 385,253</u>	<u>\$ 574,937</u>

The accompanying notes to financial statements are
an integral part of this statement.

Redevelopment Agency of the City of Long Beach, California
Notes to Financial Statements

- A. Financial statement presentation and summary of significant accounting policies pertaining to the projects of the Redevelopment Agency:
1. The financial statements presented are prepared from the accounts and financial transactions of the projects of the Redevelopment Agency of the City of Long Beach, California. Accordingly, they do not present the financial position or the results of operations of the City of Long Beach, California.
 2. The financial statements presented are prepared on the accrual basis of accounting.
- B. A description of the more significant litigations and other matters of a legal nature which may affect future operations:
1. Pending litigation affecting all projects of the Redevelopment Agency--McNutt, et al. v. City of Los Angeles, et al.

On or about August 22, 1977, a lawsuit entitled McNutt, et al. v. City of Los Angeles, et al., Los Angeles County Superior Court Case No. 210576, was filed against fifteen cities in the County of Los Angeles, their redevelopment agencies, and the Los Angeles County Auditor-Controller. The City of Long Beach and the Redevelopment Agency of the City of Long Beach are named as defendants.

The action seeks declaratory and injunctive relief challenging the fifteen redevelopment agencies with regard to the constitutionality of the tax increment financing system for redevelopment projects as applied in Los Angeles County. The action seeks an injunction preventing the County Auditor-Controller from paying tax increments to the defendant redevelopment agencies.

As the case develops, it may be that no California court has dealt with the precise legal questions that may be involved. Therefore, the outcome of this litigation and any resulting adverse effect upon the allocation of tax increment funds derived from a redevelopment project for the payment of principal and interest on loans, advances or other indebtedness outstanding at the time of a final decision are not determinable at this time.

2. West Long Beach Industrial Redevelopment Project -- pending litigation.
 - a. Baker, et al. v. Redevelopment Agency, et al. Los Angeles Superior Court Case No. C-133078. This lawsuit is a validation action brought pursuant to the California Redevelopment Law (Sections 33500 et seq. of the Health and Safety Code), seeking to have the Redevelopment Plan for the project declared invalid.

The outcome of this litigation and any resulting adverse effect upon allocation of tax increment funds derived from the Project for the payment of principal and interest on loans, advances or other indebtedness outstanding at the time of a final decision are not determinable at this time.

3. Downtown Redevelopment Project.

- a. F.P.I., LTD., A California Limited Partnership, et al. v. Redevelopment Agency of the City of Long Beach. Los Angeles Superior Court Case No. C-192488. This is an action in Inverse Condemnation filed on March 7, 1977 by the owners of certain real property in the Downtown Redevelopment Project alleging a de facto taking of their real property which they value at \$2,300,000 and resulting damages alleged to total \$870,000.

A legal issues trial is now scheduled for February 26, 1979. This matter is being handled by Agency Special Counsel, Oliver, Stoever and Laskin and the City Attorney's Office, City of Long Beach. Counsel is of the opinion that Plaintiff's inverse condemnation action is without merit.

- b. Utility Relocation. The Redevelopment Agency has entered into Agreements with General Telephone Company and Southern California Edison Company concerning the removal and relocation of their respective facilities from public ways to be vacated within the Downtown Project.

The utility companies have taken the position that the cost of relocation must be borne by the Agency. The waiver Agreements provide that the utilities will relocate their facilities, in order not to delay the Agency projects and, if they choose, to litigate the question at a later date. The total cost is estimated to be between \$1,000,000 and \$2,000,000. Counsel is, however, of the opinion that this suit is without merit.

4. West Beach Redevelopment Project.

- a. No litigation is pending and none existed on June 30, 1978 affecting this project except the McNutt case mentioned above.
- b. Norris Industries contractual obligation. On February 4, 1976 the Redevelopment Agency and Norris Industries entered into a "Second Implementation Agreement" whereby Norris purchased from Agency a parcel of property on which to construct a corporate office building. A part of that Agreement obligated Norris to purchase an additional adjoining parcel from the Agency by January 2, 1981. If Norris declined to so purchase the second parcel, provision was made in the Agreement for the reimbursement to Norris of \$228,128 of the purchase price paid for the original parcel.

On November 27, 1978 Norris and Agency entered into a "Fourth Termination Agreement" whereby it was agreed that Norris would not purchase the second parcel and Agency would market and sell said second parcel. The Agency has agreed to pay Norris said \$228,128 out of the proceeds of sale of the second parcel.

C. Effect of Proposition 13:

Since the passage of Proposition 13 in California, uncertainty exists as to the amount of tax increment revenues that will be received each year by the projects. Presently, it is not certain what effect the reduction in tax revenues received will have on the Agency's ability to retire outstanding bonds on or prior to their maturity date, plus advances and other indebtedness outstanding.

D. Project Revenues:

Incremental tax and other revenue received by the Downtown Redevelopment Project and the West Long Beach Industrial Redevelopment Project are treated as recoveries of project costs. A portion of interest revenue and unusual items such as payment of bond debt by others are treated as recovery of project cost in the West Beach Redevelopment Project.

E. Downtown Redevelopment Project:

On June 17, 1975, the City Council and Redevelopment Agency of the City of Long Beach approved the Downtown Redevelopment Plan. Within the context of this plan, proposals have been received for construction of a shopping mall, a high-rise building, a specialty retail center, a garden office building, a 375-room hotel, and a high-rise condominium project. The first phase is expected to cover an area of approximately ten (10) City blocks. The only property that has been acquired to June 30, 1978 is the Alexander Hotel, which was given to the Redevelopment Agency. The proposal calls for financing the Downtown Redevelopment Project via issuance of Tax Allocation and Lease Revenue Bonds, Community Development Block Grant and other grant funds, and advances from the City on which interest is accrued at 1/2% above the percentage paid by the City on its tax anticipation loans.

F. West Long Beach Industrial Redevelopment Project:

On July 1, 1975, the City Council and the Redevelopment Agency of the City of Long Beach adopted resolutions approving the plan for the West Long Beach Industrial Redevelopment Project. The project covers an area of 1,350 acres from the Los Angeles River to the Long Beach City western boundary, between Ocean Boulevard and Pacific Coast Highway. The project objectives include improving utilities, streets, landscaping and signing and replacing substandard residential and industrial properties with new industrial developments. The proposal calls for financing the West Long Beach Industrial Redevelopment Project with tax increment revenues.

In November 1978 this project was put in abeyance by the Redevelopment Agency due to pending litigation (see Note B2a). In addition, the Los Angeles Auditor-Controller's Office has refused to pay monthly tax increments to the project until this litigation is settled.

G. Poly High Neighborhood Project:

In 1973, the City Council and the Redevelopment Agency of the City of Long Beach adopted resolutions approving the Poly High Neighborhood Project. The project involves the 87 acre area from Pacific Coast Highway to Anaheim Street, between Atlantic and California Avenues. The project's primary objectives are to remove the structures in this blighted area and replace them with improved housing for low and moderate-income families. The plan also calls for construction of an Early Childhood Development Center and a new commercial development. The Poly High Neighborhood Project was initially funded under the Federal Categorical Neighborhood Development Program, and it is currently being financed by a Federal block grant under the Housing and Community Development Act of 1974. Total project costs are approximately \$9,820,000. This includes \$3,579,000 from Neighborhood Development Project, \$1,064,000 from the Long Beach Unified School District and \$466,000 from the City of Long Beach, none of which are included in Exhibit D.

H. West Beach Project:

I. Liabilities

The Redevelopment Agency of the City of Long Beach was established in accordance with Ordinance No. C-4184, effective November 17, 1961. This Agency formulated the West Beach Project Redevelopment Plan to be carried out without federal assistance through the issuance of West Beach Project Bonds of \$4,000,000 and \$5,485,000 payable February 1, 1975 and February 1, 1995 respectively. As of June 30, 1978, Series "A" Bonds amounting to \$4,000,000 have been redeemed. It was the Redevelopment Agency's intent that these bonds be redeemed through tax increment revenues; however, due to delays in the project development, tax increment revenues were insufficient to meet the redemption due date on the Series "A" Bonds. The City of Long Beach advanced funds in the amount of \$3,100,000 to the Long Beach Redevelopment Agency in order to redeem these Series "A" Bonds on February 1, 1975. This loan of City funds to the Agency is to be repaid from incremental property taxes to be received by the Agency after retirement of all outstanding bonds. The interest rate is 1/2% above the percentage paid by the City on its tax anticipation loans.

The outstanding bonds payable of \$3,905,000 are Series "B" Bonds issued in 1965 at 4%, payable semiannually on February 1 and August 1, maturing on February 1, 1995. They may be redeemed prior to maturity with payment of a premium of 1% if redeemed after February 1, 1977. The bonds are collateralized by a first pledge of any and all proceeds from the disposition of project properties and the incremental property taxes levied against the property within the project area.

Since November 1961, advances from the City of Long Beach have provided services to and paid costs and expenses for the project. The advances are to be repaid from tax incremental revenues after all bond obligations have been retired. Interest is accrued on the advances at 1/2% above the percentage paid by the City on its tax anticipation loans.

2. Fund Balance

a. Reserve Fund

Under the terms of the bond resolution, a reserve fund is established to insure payment of interest. Until the incremental property taxes exceed one year's interest on the bonds, the reserve must equal a minimum of two years' bond interest; thereafter, the balance may be reduced to one year's bond interest.

b. Disposition Proceeds Fund

The bond resolution provides that all proceeds from the disposition of project property be deposited in the disposition fund. Such proceeds shall be first used to pay interest on the bonds. After provision for all bond interest to maturity, the surplus is to be used to redeem outstanding bonds. There are no minimum balance requirements.

c. Special Fund

The bond resolution provides that all incremental property tax proceeds are to be deposited in the special fund. If there are insufficient funds in the disposition proceeds fund to pay any installment of bond interest, the remainder is paid from the special fund. Any funds in excess of the next semiannual bond interest payment may be used either to pay future interest or to retire outstanding bonds.

NO UNRESOLVED DIFFERENCES

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